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Nova Scotia Utility and Review Board

March 26, 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: Standard Filing Requirements – P-886

In its recent 2007 Rate Case Decision, the Utility and Review Board ("UARB" or the "Board") directed that a process be adopted to develop standard filing requirements for general rate applications by Nova Scotia Power Inc (NSPI). NSPI has reviewed the input from Board staff, SEB and the Province of Nova Scotia, all filed on March 12, 2007. Please accept this letter as the initial comment of NSPI.

The Objectives of Standard Filing Requirements

NSPI is supportive of identifying standard filing requirements for general rate applications, and welcomes this process to establish these requirements. Establishing clear requirements should aim to reduce the cost, time and complexity of pre-hearing processes and reduce or eliminate debates about disclosure.

In the most recent general rate application, NSPI made several changes to enhance the efficiency of the process, demonstrating the Company's commitment to transparency, process efficiency and improvement. All Intervenors from the 2006 Rate Application received a hard copy of the redacted filing (and a confidentiality undertaking where appropriate) on the day of the filing, so that each Intervenor could immediately consider the issues and whether to intervene. After the initial filing, NSPI implemented an electronic filing process that posted public documents on the NSPI website and provided a protected file transfer site accessible to all Confidential Intervenors so that they were able to access the majority of IRs electronically without having to visit the confidential data room. In addition, the data room was organized in a manner that improved the ease of access as compared with past applications.

A large amount of detailed information is provided in a general rate application – whether all of it is necessary in every application or at the beginning of every application is less clear. Standard filing requirements should define the reasonable, useful and essential information necessary to analyze expected or usual rate application issues – and the format in which the information is best presented.

In the context of the reasonable objectives of this exercise, NSPI recommends that criteria be adopted against which specific requests for standard filing requirements can be assessed.

Information should be contained in the standard filing requirement when it:

- Has been requested and used regularly in recent general rate proceedings;
- Can eliminate a similar and routine request later in the process;
- Can reduce the length or complexity of the regulatory process;
- Can be provided in a format that protects confidentiality;
- Allows for consistency in presentation from one general rate application to the next;
- Can be prepared efficiently by NSPI and provided in a format that is agreed to in advance and understood by Intervenors and the Board; and
- Has a material effect on the test year revenue requirement

In contrast, information should not be included in the standard filing requirement if it:

- Conflicts with filing requirements established in other proceedings (e.g., FAM)
- Is unlikely to be relevant in every general rate application;
- Is certain to lead to a similar request or an updated response later in the proceeding;
- Requires an unreasonable amount of resources and time for NSPI to compile, or would be presented in a format that is not useful to most Intervenors and to the Board; or
- Has no material affect on a test year revenue requirement

This last point is significant. The primary purpose of a general rate application is to establish the test year revenue requirement and fairly determine the revenue recovery for the various customer classes. Information that relates to past or future years and which has no bearing on the test year revenue requirement should not be part of a rate case. If such information becomes relevant in a particular rate case, it can be introduced as appropriate or on an exception basis, as directed by the UARB. Information that does not affect the test year cannot be something that would be regularly required in a standard rate application.

NSPI suggests that each component of standardized information be measured against these criteria. The ultimate goal should be whether it will enhance the efficiency and effectiveness of the process from a cost, time and complexity basis. Filing requirements that act to expand the time or complexity of the present process should be viewed as counter productive. The perspective of Intervenors, Board staff and consultants, and NSPI in the preparation and compilation of the standard filing information should all be considered.

Matters to be Addressed in this Process

The initial input from the Board staff and SEB identifies specific requests for disclosure that each desires to become a standard part of the initial filing of a general rate application. For the most part, the lists of requests replicate some of the Information Requests posed in the most recent rate applications.

NSPI urges the Board to consider the following as part of this process. These other matters will assist in achieving regulatory processes that are transparent, efficient and that serve the interests of all stakeholders.

1. Implications of a FAM Proceeding

   Dr. Stutz's suggestion to standardize filing requirements was made prior to any discussion and agreement in principle that the Board should approve a FAM. The FAM process is ongoing and during 2007 the Board will hear evidence and debate about the design of the FAM and related fuel procurement issues. The adoption of a FAM will result in standardized information, methodologies and timelines that will ensure the transparency of information relating to fuel costs. The FAM will affect the nature of information that is to be considered in a general rate application as a result of the regularity of fuel-related filings and the additional scrutiny embedded in the process. It is possible, but not yet determined, that all fuel matters will be determined only in FAM processes and may no longer be part of general rate applications.

   Given the stage of the FAM development and process, caution should be exercised about the specific standard filing requirements, relative to fuel, established in this process. It is important that the fuel related standard filing requirements allow flexibility to co-ordinate with and not duplicate the FAM filing requirements.

   Over half of the standard filing requests proposed by Board staff and SEB relate to the production of fuel cost details (Board staff – 22 of 34, SEB – 19 of 35). NSPI anticipates that all relevant and useful information will be provided in the various FAM filings. After the discussion of the FAM

filing requirements, the methodologies and report formats for the FAM will resolve many of the questions and concerns that have arisen in the past about the explanations for changing fuel costs. Therefore, it may be appropriate to defer addressing fuel-related items until the FAM decision is reached.

The question of the timing of forecast information and whether it should be "updated", either in isolation or as part of a complete refreshing of all test year costs, should become moot under a FAM. By its very nature, a FAM will establish the expectations and requirements for fuel cost forecasts, and will subsequently 'correct' or 'true-up' for the actual costs of fuel regardless of the initial forecast date. The issue of 'updates', which has been contentious in the past, should become irrelevant under a FAM.

2. Streamlining the Rate Application Process

Standard filing should consider the rate application process in a more comprehensive manner, beyond the initial filing requirements. An objective of this process should be to streamline the general rate application process, look for and introduce efficiencies, and reduce the complexity and time involved in these applications for the Board, NSPI and Intervenors.

As indicated by the list of requests from Board staff and SEB, and by the evidence of Dr. Stutz that commenced this proceeding, the adoption of standard filing requirements takes many of the significant and time consuming questions from the first round of Information Requests and provides the data at the time of filing. In essence, an entire set of Information Requests will be made unnecessary. If one of the objectives of this process is to improve the efficiency and reduce the costs of general rate applications, the adoption of standard filing requirements should be accompanied by the formal elimination of one round of Information Requests. Further, requests for additional detail beyond the standard filing requirements would have to be clearly justified on an exception basis.

3. The Issues List

This process is an apt time for a review of the use of the Issues List. In the 2006 Rate Application, the Board used the Issues List to identify matters in issue in the proceeding, direct the parties to the material aspects of the filing, and bring focus to IR rounds and subsequent aspects of the process. In the 2007 Rate Application a more expansive approach was taken to the Issues List. Participants may not have obtained the potential benefit of the discipline and focus that the Issues List could bring to the proceeding.

NSPI recommends that the Issues List be used to focus attention on key issues in the general rate application process. Costs that have been previously examined in the last 12 – 24 months and have not changed, or that are not material, should not be on an issues list absent a compelling reason. In combination with standard filing requirements, this will assist all parties in bringing a sharp focus on the material issues, reduce the costs and time involved in the proceedings, and aid in fostering settlement discussions.

4. Confidentiality

The matter of confidentiality is an important consideration and must be carefully considered by standard filing requirements. NSPI makes every effort to be responsive to the requirements of Board staff and Intervenors to access confidential information. The use of a standard confidentiality undertaking has greatly assisted in this process. The Company agrees that only information that is truly confidential should be so designated. NSPI will make every effort to comply with the UARB's recent directive in this regard.

NSPI is obliged to maintain the confidentiality of various kinds of information related to its business – this is in the best interests of the Company and its customers, who ultimately risk the burden of any financial effects of a failure to protect confidentiality. While general guidelines to govern confidentiality may appear helpful on a conceptual level, ultimately whether NSPI's business information is confidential must be decided on an item by item basis. This has been the approach of this Board and is mandated by the Board Rules.

NSPI urges that any standard filing requirement continue to offer the necessary protections for confidentiality, which have traditionally existed in Board proceedings.

5. Electronic Data Access

In the 2007 Rate Case, NSPI has sought to increase the efficient use of electronic filing. All Intervenors adopted a similar filing method. It allowed all participants instant access to the filed materials regardless of their location at the time of filing.

NSPI recommends the Board consider adopting electronic filing as a standard requirement for general rate applications. Electronic filing is an established process in other jurisdictions. NSPI further urges the Board to investigate, and subsequently adopt, the ability for the Board to become

the repository of electronically filed documents, as occurs in other regulatory jurisdictions. NSPI would be pleased to work with Board staff on such a project.

NSPI urges that these five important matters – the effect of the FAM, the introduction of related efficiencies, use of the issues list, protection of confidentiality, and the use of electronic filing - be given careful consideration in the establishment of standard filing requirements.

The Specific Requests of Board Staff and SEB

Generally, the requests for information to be included in the standard filing requirements as presented by Board staff appear to be appropriate and relevant to most rate applications. In that regard, most of these requests meet the conditions described above.

SEB appears to have taken an unnecessarily exhaustive approach to establishing the standard filing requirements – whether or not the information is relevant to the rate application. NSPI urges that these over-reaching and cumbersome requests be rejected in favour of the more reasonable and efficient approach of the Board staff.

NSPI's comments regarding the proposals of Board staff and SEB are documented in Attachment 1.

NSPI urges the Board to allow flexibility in the preparation and filing of information in a reasonable and standardized format. To the extent such information is reasonably and realistically necessary in each rate application, it may be inefficient for NSPI to produce it in the specified formats. NSPI should be allowed sufficient time to investigate the necessary capital investments and operating expenditures that are necessary to meet these requirements. The specificity and detail described in these various requests, which may or may not have been part of recent rate applications, may require such additional investment and time for implementation.

All of which is respectfully submitted,

Rene Gallant
Regulatory Counsel

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

Attachment 1

NSPI - Standard Filing Requirements
Comment on Specific Board Staff and SEB Requests
March 26, 2007

#	Requested Filing Requirement (UARB)	NSPI Comment
U10	Provide the current forecast of fuel burn levels for each generating station for the current year, and the next four years. Include projections for each fuel type, MMBTU consumed, % sulfur in the fuel, tonnes of SO_2 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 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. This request may become unnecessary with a FAM.
U14	For each fuel, describe (qualitatively and quantitatively) any hedging program used by NSPI in the last two years, and any hedging program that is planned for the next year. Provide a list of current hedge positions, and copies of any evaluations of the results of any of the Company's hedging programs.	NSPI is working with Liberty to establish the hedging program which will include reporting on price stability as it relates to commodity volatility. Once this program is approved, the Company's compliance will be assessed and reported. The historical hedging program is irrelevant to establishing test year costs. The current fuel directive work and the FAM may affect the requirement for this request.
U15	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.	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. This data will be reviewed during the FAM review process.
U17	Provide, for the last two years, the history of fossil fuel use, by fuel type, by fuel qualities, by MMBTU contribution, and by cost of fuel.	See U15.
U18	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 without additional strategist runs. Strategist reports are available to support the second part of the question. This request may become unnecessary with a FAM.

#	Requested Filing Requirement (UARB)	NSPI Comment
U20	NSPI's application normally provides fuel costs per MW.h 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	See U15.
U22	Provide data showing how NSPI used the volumes made available under its gas supply contract. Show separately the volumes burned in the combustion turbines at Tufts Cove, and those burned in the steam units, by month for the last two years, and for the next year.	See U15.
U23	Provide NSPI's calculation of each of the three components of the Commodity Rate under the gas supply contract for each of the months of the last two years, including year-to-date for the current year.	See U15.
U25	For NSPI's gas sales, provide details of the quantities sold and prices received for each month of the last two years, through the current year-to-date. Provide comparable monthly estimates for the balance of this year and for all of the test year.	See U15.
U28	Provide solid fuel costs segregated by coal and petcoke. Provide this segregation for the current year, test year, and the most recent five years of actual data.	See U15.
U29	Provide a copy of the latest OM&G review.	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 reports filed with the UARB since the last rate application will be provided.
U30	Provide a copy of the latest NSPI organization charts. Include charts that show all individuals reporting to the Director, Fuels, Energy & Risk Management (include all levels below the Director; i.e., do not limit the information provided to those reporting directly to the Director).	NSPI suggests filing organizational charts that show all positions reporting no further than two levels down from the President and CEO. This is a practical and useful level of detail. NSPI will also file a full organizational chart for the positions reporting to the Director, Fuels Energy and Risk Management.
U32	Provide actual reliability statistics for the latest five years, e.g. NSPI fossil fleet statistics, and customer outage statistics: SAIFI, CAIDI, SAIDI. Provide comparisons to CEA values for all of Canada.	NSPI is able to provide NSPI reliability statistics with CEA approval, and can provide CEA aggregated information.

#	Requested Filing Requirement (SEB)	NSPI Comment
S2	NSPI be required to provide the working calculations to support any changes to the fuel mix and associated pricing differentials from the compliance figures when it seeks increased fuel costs as part of a General Rate Case. This information should be provided in a form and level of detail similar to the response to UARB IR-4 in P-886.	NSPI does not reconcile compliance numbers to this level of detail. It has not been provided previously and should not become a standard requirement for future applications. NSPI seeks to have this request rejected.
S6	NSPI be required to file at the time of its Application (in the confidential data room), copies of the actual contracts associated with the procurement of coal, petcoke, and freight which make up the contracted solid fuel for the test period. NSPI should also file all supply requests, tenders, offers, internal analysis of responses, consultant reports and assessments, minutes of fuel strategy table meetings, correspondence, and communications from Board or Board Staff associated with the procurement of solid fuels in the test period. NSPI should clearly identify all solid fuel price forecasts in its possession and any audits (either internal or external) done to assess its procurement performance. NSPI should also provide details on any spot and emergency purchases made outside the formal tendering process.	NSPI has consistently made this information available for confidential intervenors as part of rate filings and will continue to do so. The confidential data room will be available one week after filing. At a minimum, the audit request should be limited to the most recent regulatory review. This request may become unnecessary with a FAM.
S7	NSPI file as part of its Application a "family tree" of all involved in solid fuel procurement decisions similar to the response provided to **SEB IR-9** in **P-886**, listing the experience of each individual at NSPI or another company and indicating any changes in the management team that was involved in putting in place the portfolio of fuel for the period under review.	This request should not be included in standard filing requirements. Other filed information will provide all relevant details about fuel procurement and those involved, including the Fuel Manual, Record of Approval documents, fuel contract background materials and the organizational charts required by U30. NSPI seeks to have this request rejected.
S8	NSPI should file as part of its evidence (confidentially as necessary) a summary listing of each solid fuel contract in the portfolio during the test period. This information should include the price for each tonnage, the contract execution date, and whether the exercise of any options has been forecast (as in SEB IRs 31, 52, and 120 in P-886). It should also indicate whether the contract is considered short, medium, or long term under the portfolio.	Responding to this as a filing requirement will require a standard report format, and may require further consideration of the capabilities of the Company's IT systems. This request may become unnecessary with a FAM.
S12	NSPI be required to file information regarding the fuel burn and heat rate for each type of fuel by plant, as well as the SO2 emissions for each fuel type or blend.	See S8.

#	Requested Filing Requirement (SEB)	NSPI Comment
S17	NSPI be required to file at the time of its Application all information regarding past force majeure provisions with suppliers that have had an effect on the costs of solid fuel. NSPI should also file, to the best extent possible, any information on anticipated disputes in future that might have an impact on coal deliveries for the period under review.	To the extent that information of this nature is known at time of filing, it is incorporated into the test year revenue requirement. NSPI is unable to predict the potential for "anticipated disputes".
S18	NSPI should file with its Application all NSPI and Emera financial presentations made to financial analysts or bondholders since the release of a Board decision in the previous case.	NSPI suggests that financial presentations that reference NSPI could be provided. It is NSPI's experience that presentations to the financial community are accessible on corporate websites.
S21	In addition to the information provided in the form of Table 13, Appendix 1 of the direct evidence in P-886, NSPI should also provide a rate of return schedule that clearly shows the rate of return that will be applied to rate base. This schedule should include capital structure, capital and other financial ratios, as well as the costs of these components. Supporting documents and calculations must also be provided.	NSPI suggests that all relevant information to assess financial condition is included in rate application filings (Appendix A) as currently prepared.
S26	NSPI be required to file at the time of its Application a proof of revenues consistent with UARB IR-54 in P-886. This should also include billing determinants and rate changes for all rates with supporting work papers and show the revenue at present rates and proposed rates for each charge. An additional schedule should be prepared that clearly develops the revenue deficiency (or sufficiency). This schedule would include the rate base, normalized net operating income, overall earned rate of return, requested rate of return, income requirement, income deficiency (or sufficiency), revenue conversion factor and the requested changes in rates. All supporting workpapers and calculations should also be provided.	The proof of revenue can be provided in the Standard Filing. NSPI suggests the other information is already provided in the Appendices to the Company's rate applications. Assuming something new is required, responding to this as a filing requirement will require a standard report format, and may require further consideration of the capabilities of the Company's IT systems.
S27	NSPI be required to file at the time of its Application, all financial ratios and supporting calculations.	This request is too vague to be properly considered. NSPI suggests that all relevant information to assess financial condition is included in rate application filings as currently prepared.
S28	When NSPI files its Load Forecast, this filing should include the details set out in Attachment 11 of UARB IR-4, CME IR-43, UARB IR-91, and UARB IR-83.	This level of detail should not be required as part of a standard filing because of the time and resources required to compile the information and the lack of relevance to all general rate applications. NSPI seeks to have this request rejected.

#	Requested Filing Requirement (SEB)	NSPI Comment
S30	As part of the filing of the Cost of Service study, NSPI file all supporting workpapers and calculations used to develop the relevant factors. SEB also submits that as part of the standard rate case filing requirements, NSPI should provide access to its electronic Cost of Service Study model on a confidential basis to Intervenors and their consultants who may wish to receive it. The model should be provided in Excel with all formulae in tact so that all parties can independently perform their own studies. Recently in Michigan (for example), the Commission ruled that utilities have to file the Cost of Service study in this fashion.	The model for NSPI Cost of Service Study is confidential and proprietary to the Company. There is no valid basis to provide it in electronic format to Intervenors at the beginning of every rate application. NSPI seeks to have this request rejected.
S31	NSPI be required to file with its Application further detail on the calculation of the Load Following Rate consistent with UARB IR-49, IR-101, and IR-103.	The BTL rate-setting procedure has been and remains separate from GRA filings unless the timing coincides. GRLF customers are separately given the chance to review all relevant data if they so choose. This request is not relevant to all future rate applications and should be rejected.
S34	NSPI be required to provide the information requested in UARB IR-3 and UARB IR-57 in P-886. This information is required to properly analyze NSPI's forecasted depreciation rates and the reasonability of its maintenance schedule in the test period. NSPI should also clearly identify its assumptions on the retirement dates for each of its generating plants, and provide any information on the development of any future additions to the generating fleet that is available at the time of filing for the General Rate Case.	This is only relevant if applicable to the test year, which is rarely the case. NSPI seeks to have this request rejected.
S35	NSPI be required to provide a copy of all filings it has made with the Board since the last rate case.	Many documents that NSPI files with the UARB have no effect on the test year. Many are customer specific and should not be disclosed to parties other than the UARB. Any filings that are relevant to the test year and not customer specific are referenced in NSPI's evidence, and these documents can be filed with each new rate application.

NOTE:

For the most part, the remaining SEB requests are duplicative of the Board staff requests. Where the same or similar information is sought, but in a different format or presentation, NSPI suggests the Board staff requests be adopted.