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File No.:

March 12, 2007

Nancy MacNeil **(Fax: 424-3919)**
Nova Scotia Utility and Review Board
3rd Floor - 1601 Lower Water Street
Halifax, NS B3J 3P6

Dear Ms. MacNeil:

Re: Rate Hearing - Future Filing Requirements

When electric rates are set using a forward-looking test year, the Nova Scotia Utility and Review Board is required to determine the costs that will be reasonably incurred in that test year, using the best available evidence at the time that determination is made.

The Nova Scotia Department of Energy has noticed that considerable controversy has arisen in past rate cases over the extent to which the forecast provided by NSPI when it files its application remains the best evidence of what the costs will be in the test year when the rate application is heard, many months later. This concern has manifested itself in requests to update information, such as fuel forecasts and the extent to which NSPI has changed its committed position on contracts to acquire fuels, or exercised options in the intervening period between the filing and the hearing. In the 2006 rate case (P-882), these concerns led to the filing of updated information to Stutz IR-8 (Supplemental) and in NSPI's responses to U-58 and U-29 (reference 2006 NSUARB 23, paras. 178 and 239). In this past rate case, requests for similar information resulted in a preliminary hearing on December 7, 2006 and an updated filing on January 8, 2007 (reference P-886 - letter from UARB dated December 8, 2006 regarding pre-hearing conference held December 7, 2006).

The Nova Scotia Department of Energy submits that this updated information is relevant, and is necessary if one is to set test year costs using the most reliable information that is available at the time rates are set. As a result, NSPI should be required to provide updated information on its fuel forecasts and contractual commitments shortly before a rate hearing commences.

Yours very truly,

Stephen T. McGrath
STM/fdv

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Nova Scotia
Utility and Review Board

cc. Scott McCoombs
Steven Penny
Nova Scotia Power Incorporated
Intervenors