

May 13, 2011

Ms. Nancy McNeil
Regulatory Affairs Officer/Clerk
Nova Scotia Utility and Review Board
1601 Lower Water Street, 3rd Floor
PO Box 1692, Unit "M"
Halifax, NS B3J 3S3

Re: **Application by Nova Scotia Power Inc. for Approval of Certain Revisions to its Rates, Charges and Regulations**

Dear Ms. McNeil:

On behalf of Nova Scotia Power Inc., I enclose an Application, Direct Evidence and Standard Filing documentation of Nova Scotia Power for Approval of Certain Revisions to its Rates, Charges and Regulations effective January 1, 2012.

Nova Scotia Power will be represented in this matter by Mr. Terry Dalglish, O.C., Davis LLP (Calgary). Mr. Dalglish has extensive experience appearing before energy tribunals in Canada, including on behalf of NS Power before the Nova Scotia Utility and Review Board.

Pursuit of a Multi-Year Rate Plan

NS Power hereby submits this application to the Nova Scotia Utility and Review Board in order to start the regulatory process that would lead to a public hearing in September. By this Application, NS Power seeks to change rates for the test year starting January 1, 2012, in accordance with the traditional process to establish new general electricity rates.



energy everywhere.

NS Power meets regularly with stakeholders during the course of its various regulatory applications, and as a member of the Fuel Adjustment Mechanism Small Working Group. Earlier this year, NS Power began to meet with customer representatives to discuss cost pressures in 2012 and the next several years thereafter. In April, NS Power held a public meeting to engage more broadly in a public dialogue about these costs and the rate changes that may result from the traditional rate-making process.

In response to customer interest in more predictable general electricity rates, the Company has publicly proposed a three year rate plan for discussion with stakeholders. This new approach requires more discussion and input from customers, as well as greater scrutiny and certainty, before being presented to the Board for consideration. In the interim, the company will proceed with the formal and traditional general rate application, even as we continue to discuss a three-year rate plan with customer representatives and other stakeholders.

Request for Confidentiality

NSPI has attempted to minimize the extent of information for which confidential treatment has been requested. In that respect, the Evidence and Standardized Filing material have been partially and minimally redacted. The redacted information is commercially and financially sensitive. Public disclosure will harm Nova Scotia Power and its customers by placing it at a material disadvantage in solicitations and negotiations with present and future suppliers. Additionally some of the information is subject to confidentiality agreements with third parties.

Twelve (12) copies of the Application have been marked "Confidential" and contain the complete filing including certain confidential material. Three (3) "Public" or "Redacted" copies of the Application are also provided, in which the confidential material has been redacted.

The Board is asked to hold certain portions of the evidence in confidence. The confidential material has been highlighted in the copies marked "Confidential" and is itemized in Attachment 1 of the Notice of Application. This confidential evidence relates to aspects of the Company's fuel and purchased power forecasts and expenses, as well as certain forecast information of operating expenses. The confidential information contained in this Evidence is similar to the information contained in NSPI's Fuel Adjustment Mechanism reports, which have been regularly accepted as confidential by the Board. The bases for the request for confidentiality are therefore similar to many other recent applications.

NSPI is proposing the status quo be maintained in respect of the confidentiality of portions of this filing. Pursuant to Rule 12 of the Board Regulatory Rules, NSPI hereby requests confidential treatment of certain portions of the Evidence and standardized filing material.

NSPI procures fuel, purchased power, services, and capital equipment in a market that is driven by competitive forces and suppliers looking to create value for themselves. The more a supplier is aware of NSPI's specific requirements, the better their ability to obtain the highest price, reduce competition and ultimately increase the cost for NSPI and its customers. This includes budget and forecast information or estimated costs for equipment or services that have not yet been procured or where purchases or contracts are not yet final.

Pricing information and system constraint details could be used by renewable energy suppliers to respond to Requests for Proposals at prices that could, in the absence of this detailed knowledge, be otherwise lower.

Specific NSPI plant characteristics could allow suppliers to respond to Requests for Proposals at prices that could, in the absence of this detailed knowledge, be otherwise lower. This would include heat rates, test burn results, or matters of this nature. Knowledge of these details would allow a sophisticated supplier to anticipate the needs of the Company, recognize which competitors would be excluded from bidding (for example, due to fuel characteristic considerations, or the ability of other suppliers to meet fuel quantity demands) and adapt fuel bids accordingly.

It is in the interests of customers that independent power producers and other suppliers not be made aware of the Company's power procurement plans, negotiating strategy, costing parameters, supplier relationships or matters of that nature. Knowledge of these details would allow a sophisticated supplier to anticipate the needs of the Company and adapt energy supply bids accordingly.

Consulting advice, reports and other internal notes and documents that relate to negotiations, procurement strategies or evaluation of systems or options are inherently confidential. This information provides details on how NSPI procures energy, goods or services, and the structure of requirements to be met. Public disclosure of this information would allow suppliers to understand the structuring of risk mitigation and insight into procurement strategies, in turn decreasing the level of competition. This would be advantageous to suppliers bidding for NSPI contracts, who could understand the factors that influence NSPI procurement and thereby tailor bids in a manner that could increase costs to NSPI and its customers. The content of consulting reports could disclose NSPI costs and options for purchased power and related costs, thus allowing

suppliers to bid up to the point of indifference to NSPI, thereby increasing costs for customers compared to this information remaining confidential.

Since NSPI customer rates are directly related to the price of fuel and other costs paid by NSPI, the maintenance of confidentiality is to the direct benefit of customers. FAM reporting was designed with this objective in mind and recent proceedings have adopted this general approach to protect customer interests.

In past rate applications the Board permitted interested parties who had a good faith interest in accessing confidential information and who would not otherwise be in a conflict of interest and who had signed a confidentiality undertaking to have access to the confidential portions of Nova Scotia Power's Application.

NS Power requests that the Board direct the company to provide a complete, unredacted copy of the Application to any party who meets the foregoing criteria. A copy of the proposed form of undertaking is enclosed. It is essentially the same form of undertaking used in many recent proceedings, other than in identifying the confidential items that are specific to this proceeding.

This does not limit the ability of any party to challenge our request to have the Board continue to treat this material as confidential. Nor does it affect whatever decision the Board may wish to make on our confidentiality request. It is simply a means to get the confidential material into the hands of interested parties without delay.

Request for Other Directions

The Notice of Application attached to the filing seeks directions from the Board on a number of procedural matters. I am available at the convenience of the Board or Board counsel to discuss any aspect of these requests.

Nova Scotia Power looks forward to working with the Board, our customers and other stakeholders.

Yours truly,



J. René Gallant
Vice President Regulatory Affairs

Encls.

c Rob Bennett
President and Chief Executive Officer
Nova Scotia Power Inc.

Tim Wood
Manager Commercial Projects

S. Bruce Outhouse, Q.C.

Interested Parties

NOVA SCOTIA UTILITY AND REVIEW BOARD

IN THE MATTER OF: *The Public Utilities Act*, R.S.N.S. 1989, c.380 as amended

- and -

IN THE MATTER OF: An Application by Nova Scotia Power Inc. for Approval of Certain Revisions to its Rates, Charges and Regulations, filed May 13, 2011

UNDERTAKING

I, _____, of _____
_____, representing _____
_____,

hereby undertake and agree to abide by all the terms attached in Schedule "A" hereto.

DATED at Halifax, Nova Scotia, this _____ day of _____, 2011.

Signed: _____

Print Name: _____

Schedule "A"

1. NSPI will provide Designated Confidential Information, as defined herein, to the Designated Recipients as defined below.

2. Designated Confidential Information shall consist of material, whether printed or electronic, which has been designated by NSPI as confidential information, including proprietary information received from consultants of NSPI, and other commercially sensitive information. This includes information which has been filed with the Nova Scotia Utility and Review Board ("the Board") in confidence on May 13, 2011 and any further material that may be filed with the Board in confidence whether in response to future Information Requests or otherwise, and whether printed or electronic. In particular, the following categories of information contained within NSPI's General Rate Application are considered by NSPI to be confidential:
 - a. Commercially Sensitive Power Procurement plans/strategy/costing
 - b. Commercially Sensitive Budget Information
 - c. Commercially Sensitive Specific Plant Characteristics
 - d. Commercially Sensitive Pricing Information and System Constraint Details
 - e. Commercially Sensitive Market Intelligence from confidential Sources
 - f. Contractual Commitments – Supplier Agreements/Customer Specific Information
 - g. Intellectual Property – Copyright/Proprietary Information
 - h. Confidential Personnel Information

Designated Confidential Information shall also include any explanation or other information provided by NSPI to a Designated Recipient concerning the foregoing and which has been identified by NSPI as confidential at the time it is initially provided, whether printed or electronic. At DE-01 Notice of Application, Attachment 1, NSPI has filed listing of the items within its evidence for which these above noted categories of confidential information have been identified. Designated Confidential Information shall also include any password or other information necessary to access electronic copies of Designated Confidential Information.

3. Access to Designated Confidential Information shall be restricted to the party who has signed the undertaking to which this schedule is attached,

that party's counsel and or consultant who shall each be considered a Designated Recipient.

4. As a condition precedent to receiving Designated Confidential Information, the Designated Recipients shall sign the undertaking to which this schedule is attached.
5. No Designated Confidential Information furnished by NSPI shall be given or communicated to persons other than the Designated Recipients. For greater certainty, no Designated Confidential Information shall be provided to the clients of Designated Recipients, to other Intervenors or to employees, officers or members of Intervenors.
6. NSPI shall make the Designated Confidential Information (including copies if necessary) available to the Designated Recipients for review at its head office. No documentation shall be removed from NSPI's premises without the consent of NSPI. Designated Recipients may take such notes as may be necessary solely for the purposes of this proceeding. Such notes shall be treated as Designated Confidential Information.
7. Where a reference to Designated Confidential Information is required in pre-filed testimony, briefs, other legal documents or arguments, such reference shall be by citation of title or exhibit number only or by some other non-confidential description which protects the confidentiality of the information. In such circumstances, counsel and other designated persons shall make every reasonable effort to preserve the confidentiality of the information provided by NSPI. It is expected the Board may draw upon all Designated Confidential Information in the record in the deliberation of any decision or order it may issue, but the Board will avoid the reproduction in its decision of any Designated Confidential Information, unless it has otherwise ruled that the Designated Confidential Information is not to remain confidential.
8. Where an Intervenor files testimony which contains Designated Confidential Information, the testimony must be filed on a confidential basis and the Designated Confidential Information must be specifically identified as such. In addition, Designated Parties will not object to the Board sitting *in Camera* to hear such evidence if requested by NSPI.
9. Should any appeal or challenge to the Board's decision in this proceeding be taken, any portions of the record which have been designated or agreed to be confidential shall be forwarded to the court in accordance with applicable laws and procedures but under seal and designated confidential.

10. a) Within 30 days after the Board has reached a final decision in this proceeding, each person to whom Designated Confidential Information has been provided shall return to NSPI such Designated Confidential Information and shall destroy all documents, notes and other materials containing or reflecting, directly or indirectly, Designated Confidential Information, whether printed or electronic, and shall provide an affidavit of compliance to NSPI respecting same.
- b) Notwithstanding paragraph 10a), all members in good standing of the Nova Scotia Barrister's Society ("Counsel") who sign this Undertaking will be relieved from the requirement to destroy Designated Confidential Information. Counsel may maintain possession of all personal documents, notes or other material containing or reflecting Designated Confidential Information that belong to clients of Counsel or to advisors or consultants to Counsel. Counsel may return all such information and documentation to the client, advisor or consultant once a new Undertaking has been signed by the client, advisor or consultant in any new NSPI regulatory proceeding.
- c) The use of Designated Confidential Information from any rate case or other proceeding will be solely in relation to regulatory proceedings involving NSPI, before the Nova Scotia Utility and Review Board.