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1 **Request IR-1**

2

3 **Reference: General Impact on Low Income Ratepayers**

4 **For the years 2000 to 2011, please provide:**

5 a) **The number of residential customers (as a percentage of total residential**
6 **customers) who had their service terminated due to failure to pay.**

7 b) **The number of residential customers (as a percentage of total residential**
8 **customers) who were at least six months overdue in making payments.**

9 c) **What are the projected percentages for termination due to lack of payment and**
10 **percentages of residential customers who will be at least six months overdue in**
11 **paying in 2012?**

12 d) **With the 3% increases proposed under the Rate Stabilization Plan, what are the**
13 **anticipated percentages for termination due to lack of payment and percentages**
14 **of residential customers who will be at least six months overdue in paying in**
15 **2013 and 2014?**

16

17 **Response IR-1:**

18

19 (a) Please refer to the figure below.

20

Year	Termination of Service* (%)
2000	0.63
2001	0.55
2002	0.36
2003	0.36
2004	0.38
2005	0.46
2006	0.27
2007	0.28
2008	0.31

2013 General Rate Application (NSUARB P-893)
NSPI Responses to Nova Scotia Department of Energy Information Requests

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Year	Termination of Service* (%)
2009	0.36
2010	0.23
2011	0.34

*Number of accounts that had service terminated due to failure to pay as a percentage of total accounts.

1
2

3 (b) This information is not tracked by NS Power.

4

5 (c) This information is not projected by NS Power.

6

7 (d) This information is not projected by NS Power.

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1 **Request IR-2:**

2
3 **Reference: Residential Disconnection Policy**

4 **Does NSPI have any guidelines or policies relating to the disconnection of residential**
5 **customers during the heating season? If so, please provide copies.**

6
7 Response IR-2:

8
9 Nova Scotia Power monitors temperatures during the heating season. If temperatures are
10 forecast to go below freezing there are no residential disconnections processed. This time frame
11 is approximately from early December to April. The sample communication below goes out in
12 early December as a reminder to all Customer Service Representatives.

13
14 **Seasonal Residential Collection Guidelines**

15
16 In respect for the Holiday Season the following variations to collection activity
17 are to be followed.

18
19 **Final Notices**

20 Verbal – effective **Dec 6th 2011** we are no longer giving Verbal Final notices. We
21 will start again in Spring.

22
23 FNDL – no FNDLs created between **Dec 6th 2011-Jan 3rd 2012**

24 DK – no DKNObS created between **Dec 6th 2011-Jan 3rd 2012**

25
26 **Dialer and Manual Outbound calls**

27 The Residential team will not log into the Dialer or make manual outbound calls
28 between **December 6th and January 3rd**. The Commercial and Closed Teams
29 will not make outbound calls between **December 19th and January 3rd**. All
30 teams will only handle inbound calls during these times.

31
32 **Agency Collection**

33 Our 3rd party collection agencies will not send letters or call our customers
34 between **Dec 21st and Jan 2nd**. If you are dealing with a Closed account please
35 check the Collection Agency Code in the Collections tab. The account may have
36 been released to an agency and they have not yet been contacted.

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1 **Disconnection for Non-payment**

2 The last day for Residential DISNP orders will be **December 13th** (weather
3 permitting, from existing final notices) and these orders will not resume until
4 spring. This does not include accounts being disconnected for fraud, theft of
5 power or Commercial accounts.
6

7 **Computer Generated Notices**

8 We have suspended mailing disconnection notices as of **December 5th** (friendly
9 reminders will be sent instead). Notices will resume as of **December 21st** with
10 due dates starting in **January 4th**. Before issuing final notices check to see if a
11 computer generated disconnection notice has been issued on that balance. If there
12 is no disconnection notice on file, we will wait until one is computer generated
13 and then act accordingly (no sending manual notices at this time of year).
14

15 **Budget Removal**

16 No budget removal letters mailed between **December 6th and January 3rd**. If
17 you cannot reach the customer, leave the account on budget, document call
18 attempt in credit comments and update the DISW.
19

20 The use of a Final Notice over the winter months is more of a collecting tool to
21 get the customer to make payment or contact us to make arrangements. We will
22 not typically move to disconnect service for non-payment during the winter. We
23 do not always immediately issue final notices when working an account. Before
24 issuing Final Notice of Disconnect (FNDL/DKNOB) we ask that you ensure the
25 following steps are taken first:
26

- 27 1. Make a minimum of **three** contact attempts. During the winter we should
28 look to advance the date in the DISW by at least **a week**.
- 29 2. If no contact is made on the third attempt, issue a **CAL** (Contact Attempt
30 Letter) through UCAC. The contact type is CAL (no balance or due date
31 necessary). Document that you have sent the letter in Credit Comments.
32 33
- 33 3. **All CALs must be tracked by the individual creating it.** This ensures
34 timely follow up. **Two weeks after mailing**, check the account to see if
35 we have received contact from the customer. If not we would then issue an
36 FNDL or DK.
37 38
- 38 4. Be aware of our limited ability to disconnect service at this time of year
39 and **make every attempt to work out an agreeable arrangement**. This
40 can include:
41 42

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- 1 • Extending arrangements over 30 days (e.g. within 60 days) without a
2 formal settlement agreement
3
4 • Look at the option of offering a Budget Settlement agreement
5
6 • Take into consideration the customer's ability to pay during this time of
7 year
8
9 • Making arrangements on a Final Notice
10
11 **5. Friendly Verbal** (Where we do not give actual Verbal disconnect notices
12 throughout the winter, you will need to change your phrasing. If a
13 customer cannot pay their balance by a specific date advise) "If the
14 balance is not cleared by this date, we may not be able to guarantee your
15 service." We do not follow this up with a Verbal service order, but would
16 again advance the due date in the DISW.

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1 **Request IR-3:**

2

3 **Reference: Exhibit N-6, NSPI (Avon) IR-5, Attachment 1, Incremental Cost of Renewables**
4 **(prepared October 2011)**

5 **a) Please identify the component costs included in each of the following:**

6 **i) Total Avoided Cost; and**

7 **ii) Incremental Cost of Renewables.**

8 **b) What was the average annual rate impact of renewables from 2010 to 2014?**

9 **c) Please add a column for 2015 to the table.**

10

11 **Response IR-3:**

12

13 Please refer to Attachment 1.

Incremental Cost of Renewables (prepared October 2011)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Renewables Revenue Requirement (\$ in millions)	0.2	5.6	6.0	9.8	9.1	9.4	4.5	40.8	60.8	117.9	144.8	219.8
Renewable Generation (GWh)	4.4	83.1	109.5	160.6	147.6	150.2	379.6	781.0	904.4	1,265.8	1,579.8	2,195.6
Avoided Cost (\$ in millions)												
Point Tupper Wind	-	-	-	-	-	-	0.7	1.4	1.6	1.7	1.8	2.0
Digby Wind	-	-	-	-	-	-	0.6	5.1	5.3	5.5	5.9	6.7
Nuttby Wind	-	-	-	-	-	-	0.3	6.7	6.7	7.1	7.5	9.0
Port Hawkesbury Biomass	-	-	-	-	-	-	-	-	-	14.8	21.0	25.3
Wind #2	-	-	-	-	-	-	-	-	-	-	8.1	9.0
Wind #3	-	-	-	-	-	-	-	-	-	-	-	9.0
COMFIT	-	-	-	-	-	-	-	-	-	1.3	5.4	13.5
Contracted IPP's	0.1	2.9	3.6	6.0	5.8	6.6	17.8	25.2	29.7	34.7	37.0	59.4
Total Avoided Cost	0.1	2.9	3.6	6.0	5.8	6.6	19.3	38.5	43.3	65.1	86.7	133.9
Incremental Cost of Renewables (\$ in millions)												
Point Tupper Wind	-	-	-	-	-	-	(2.9)	(1.4)	0.4	1.4	1.7	1.8
Digby Wind	-	-	-	-	-	-	(8.8)	(3.7)	2.1	4.7	5.6	5.2
Nuttby Wind	-	-	-	-	-	-	(15.4)	(7.1)	3.2	7.2	8.7	7.9
Port Hawkesbury Biomass	-	-	-	-	-	-	1.3	(5.5)	(11.8)	18.1	18.3	17.2
Wind #2	-	-	-	-	-	-	-	-	-	(8.9)	(3.1)	2.7
Wind #3	-	-	-	-	-	-	-	-	-	-	(8.9)	(4.0)
COMFIT	-	-	-	-	-	-	-	-	-	2.7	10.6	22.5
Contracted IPP's	0.1	2.7	2.5	3.8	3.4	2.7	10.9	20.0	23.7	27.6	25.2	32.5
Total Incremental Cost of Renewables	0.1	2.7	2.5	3.8	3.4	2.7	(14.8)	2.3	17.5	52.8	58.1	85.9
Total Incremental Cost of Renewables to 2014 (\$ in millions)											58.1	
Base Revenue for 2010 Rates (\$ in millions)											1,220.2	
Total Rate Impact											4.76%	
Average 5-Year Rate Impact (2010 to 2014)											0.95%	

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1 **Request IR-4:**

2

3 **Reference: Exhibit N-6, NSPI (Avon) IR-28, Attachment 1, RES Compliance Plan**

4 **a) Please provide additional tables for “Assumes Bowater off; PH Mill off” and**
5 **“Assumes Bowater off; PH Mill PM2 on”.**

6 **b) For each of the following, please provide NSPI’s degree of confidence achieving the**
7 **amount of energy identified:**

8 **i) COMFIT,**

9 **ii) Minas Basin Biomass; and**

10 **iii) Pre-2001 IPPS energy relating to Brooklyn Power.**

11

12 **Response IR-4:**

13

14 (a) Please refer to NSUARB IR-51 Attachment 1.

15

16 (b) NS Power’s level of confidence in achieving the amount of energy identified for the
17 referenced projects is expressed in the range of uncertainty expressed in the projected
18 estimates of surplus/deficit shown in NSUARB IR-51 Attachment 1.

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1 **Request IR-5:**

2

3 **Reference: Exhibit N-6, NSPI (Avon) IR-11**

4 **Please identify the projects included in the capital expenditures related to renewable**
5 **generation in each year.**

6

7 Response IR-5:

8

9 Please refer to Avon IR-93.

REDACTED

1 **Request IR-6:**

2

3 **Reference: Exhibit N-6, NSPI (Avon) IR-33(b)**

4 • **What is the current status of the renewables integration study?**

5 • **When is this study expected to be complete?**

6

7 **Response IR-6:**

8

9 The response to this Information Request is confidential.

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1 **Request IR-7:**

2

3 **Reference: Exhibit N-2, Evidence, Page 78 of 159 (Figure 6-2) and Page 80 of 159, Figure**
4 **6-3)**

5 **a) Please present the same figures with pension costs included.**

6 **b) Please identify the amount of operating costs in 2003 and 2004 associated with**
7 **Hurricane Juan.**

8 **c) Are the operating costs in these figures NSPI's actual costs, or the amount of**
9 **operating costs embedded in rates? If actual, please present the same figures**
10 **based on operating costs embedded in rates.**

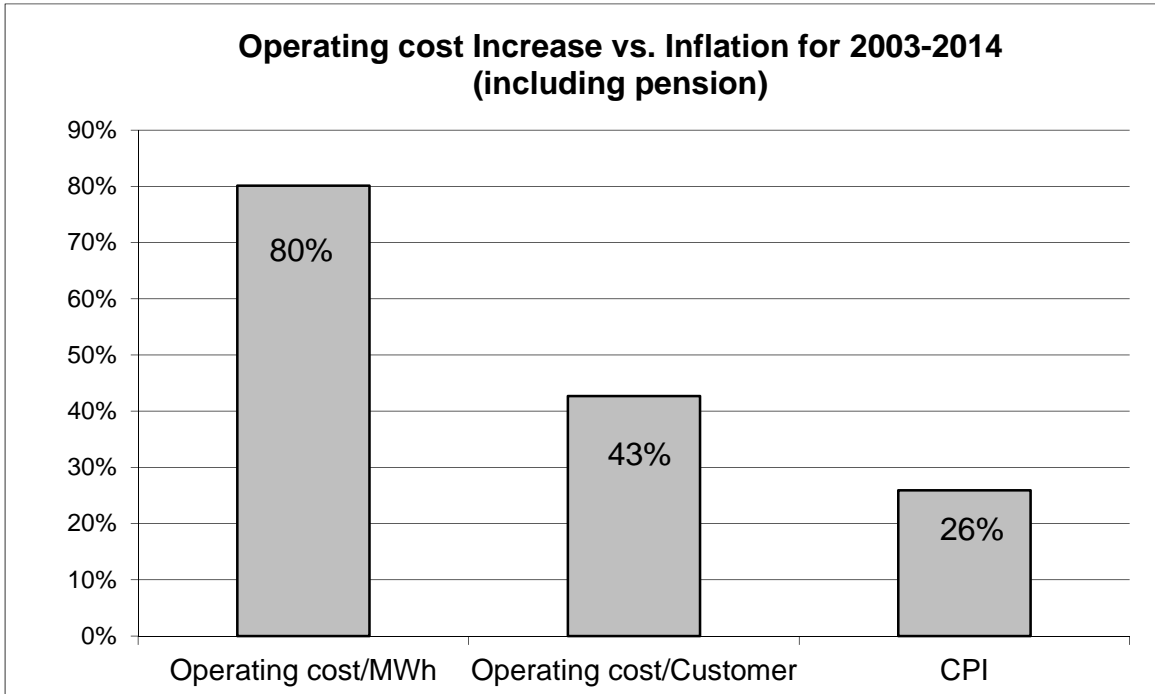
11

12 **Response IR-7:**

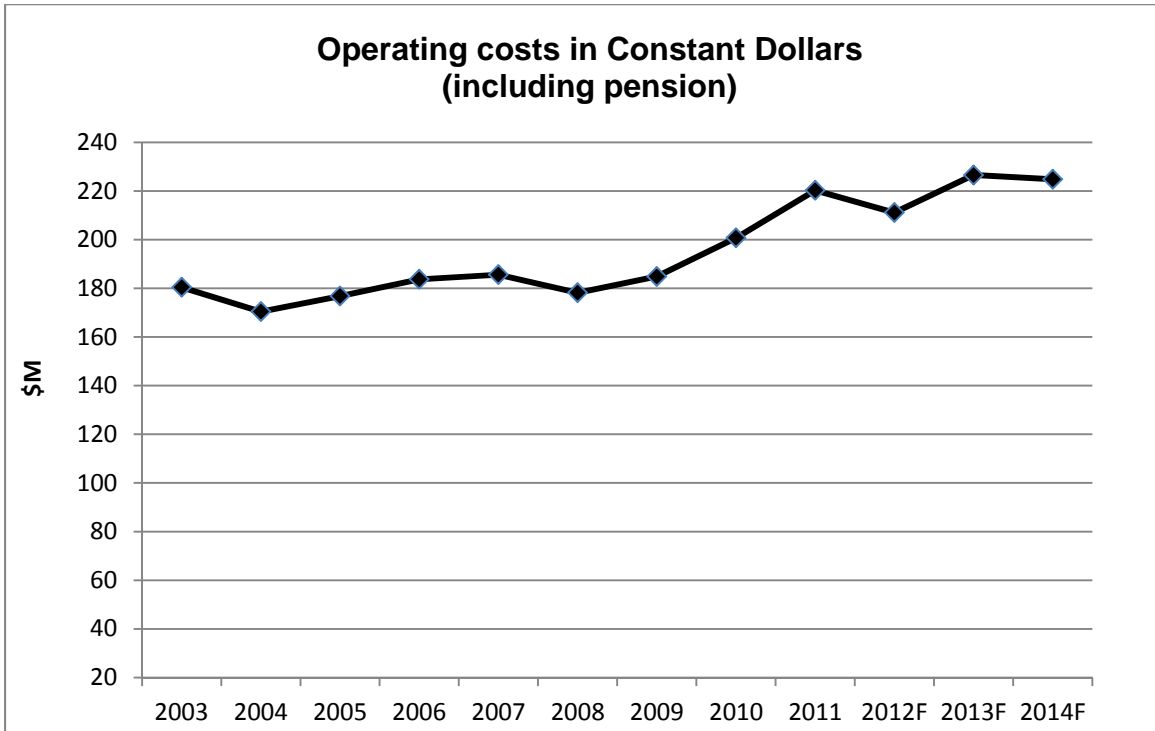
13

14 (a) Please refer to the figures below. The costs including pension embedded in rates have
15 increased at a higher percentage than the actual costs including pension due to the fact
16 that costs set in rates were lower than actual costs in 2003.

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1



2

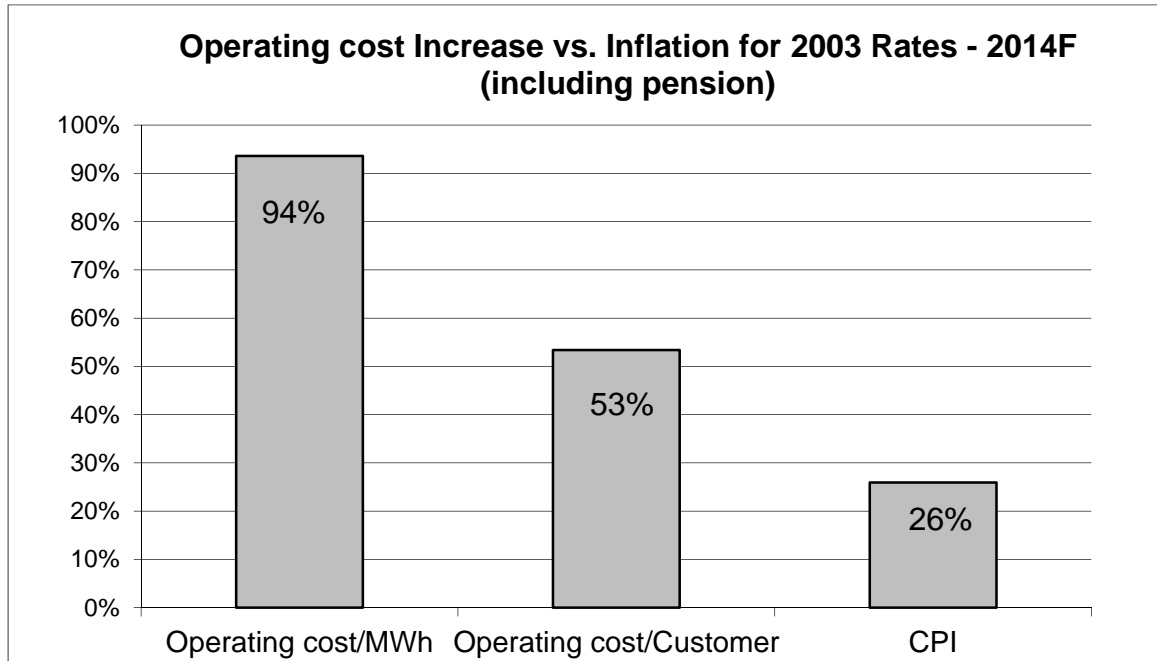
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1 (b) Hurricane Juan operating expenses in 2003 were \$6.0 million.¹

2

3 (c) The figures in response (a) are NS Power's actual costs. Please refer to the figures below
4 for the operating costs embedded in rates.

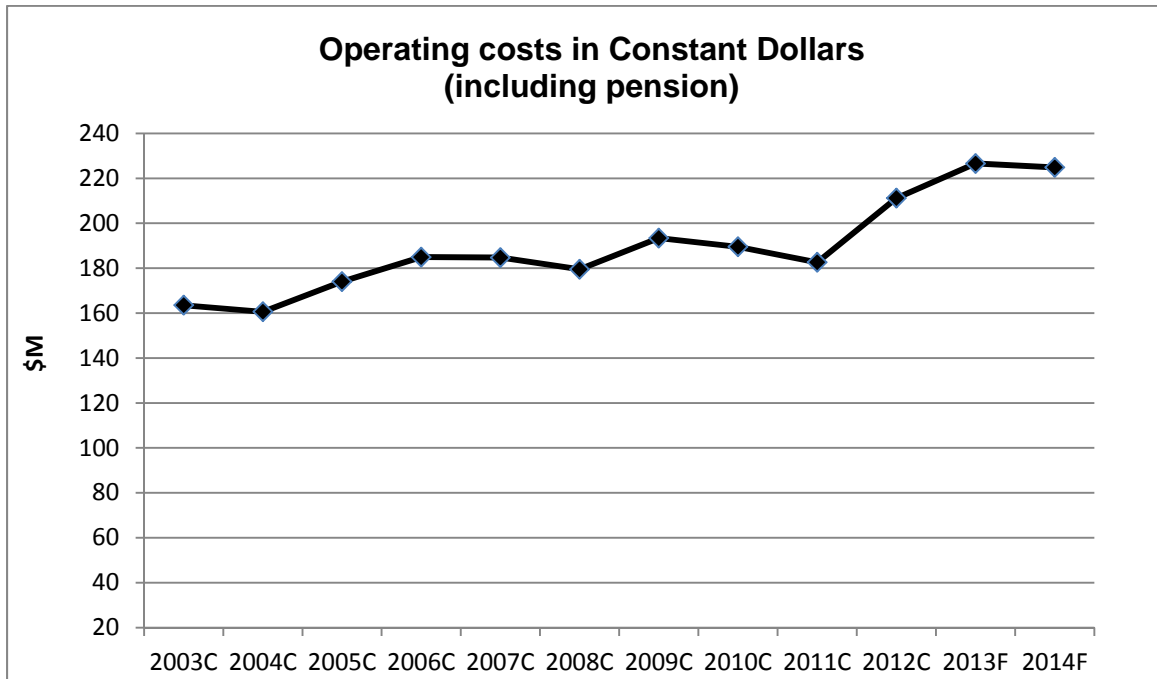
5



6

¹ 2004 NSPI Management's Discussion & Analysis, March 3, 2005, page 4, filed on Sedar: <http://www.sedar.com>

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1

REDACTED

1 **Request IR-8:**

2

3 **Reference: Exhibit N-13(C), NSPI (Liberty) IR-69**

4 **a) Please provide benchmarks supporting the wage increase identified by NSPI in its**
5 **response to NSPI (Liberty) IR-69 (c) and (d).**

6 **b) Please indicate the average % wage increase in the past year in Nova Scotia.**

7

8 Response IR-8:

9

10 (a) NS Power will provide this information to the Board upon request.

11

12 (b) According to the Labour Market Monthly, in 2011 wages in Nova Scotia increased 3
13 percent wage over 2010.¹ NS Power's wage escalation for the Application is [REDACTED].

¹ Labour Market Monthly, 1.1.1 Other Labour Market Indicators, Updated March 7, 2012.
<http://www.gov.ns.ca/finance/statistics/analysis/lmmprint.asp>

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1 **Request IR-9:**

2
3 **Reference: Exhibit N-2, Evidence, Page 116 of 159: NSPI highlighted that the rating**
4 **agency Standard and Poor's (S&P) recently revised its outlook on NS Power from stable to**
5 **negative based on "heightened regulatory risk" associated with the recovery of a**
6 **"meaningful capital expenditure program."**

7 a) **Please quantify, if possible, the impact on rates of Standard and Poor's recent**
8 **change to NSPI's outlook from "stable" to "negative".**

9 b) **Has NSPI had any discussions with rating agencies regarding how they would**
10 **view the Rate Stabilization Plan? If so, what was indicated?**

11 c) **Has NSPI raised capital in the past year? If so, has there been any difficulty**
12 **raising the needed capital?**

13
14 **Response IR-9:**

15
16 (a) The change in outlook for NS Power from "stable" to "negative" had no impact on rates.
17 The change in outlook reflects the agency's intent to closely monitor NS Power for an 18
18 to 24 month period and, according to Standard and Poor (S&P) observed events, results
19 in approximately a 1 in 3 chance of a downgrade. A downgrade would result in higher
20 borrowing costs for NS Power, and ultimately higher costs for customers.

21
22 (b) NS Power has discussed the Rate Stabilization Plan with both rating agencies. Both
23 agencies reserved comment until the final decision is made available. However, they did
24 relay that it is a positive indication any time a regulator can create certainty and stability
25 for an extended term and the Rate Stabilization Plan appeared to be a step in this
26 direction.

27
28 (c) NS Power raised \$250 million in Medium Term Notes in March, 2012. At the time, there
29 were no difficulties raising these funds. It should be noted that the S&P action occurred
30 on March 30th, subsequent to this transaction.

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1 **Request IR-10:**

2

3 **Reference: Exhibit N-5, Pages 1-2 (p. 3-4 of 20): NSPI notes that executive compensation**
4 **is determined by the Management Resources, Compensation and Corporate Responsibility**
5 **Committee (MRCCR Committee) of the NSPI Board of Directors, reviewed by the NSPI**
6 **Board of Directors, and approved by the Emera Management Resources Compensation**
7 **Committee (MRCC).**

8 **Does the MRCC also review performance? If so, please provide minutes of meetings where**
9 **the evaluation of the achievement of targets is reviewed and discussed.**

10

11 Response IR-10:

12

13 The Management Resources Compensation and Corporate Responsibility Committee (MRCCR)
14 reviews performance. There is nothing substantive in the MRCCR minutes respecting details of
15 these reviews other than to document that they took place. NS Power will provide this
16 information to the Board upon request.

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1 **Request IR-11:**

2

3 **Reference: Exhibit N-17, NSPI (NSUARB) IR-4, Attachment 1, Page 8 (Page 9 of 33),**

4 **Objective of Compensation Program**

5 **Do any of the objectives of the executive compensation program designed by the MRCCR**
6 **require there to be any consideration of the impact of compensation levels and decisions on**
7 **the rates paid by NSPI's customers? If so, please explain in detail how compensation levels**
8 **are set to minimize rate impacts. If not, please explain in detail why not?**

9

10 Response IR-11:

11

12 For the Application, only base salary for executives is proposed to be included in rates paid by
13 NS Power's customers. NS Power targets the 50 percentile of market for executive
14 compensation. Compensation recommendations consider market information, performance of
15 executives and affordability for customers. NS Power takes into consideration the need to keep
16 best talent in the region to meet the needs of our customers, including areas such as reliability,
17 service, rates, sustainability, and renewable generation. The Company does not have a specific
18 model that assigns weightings to these various components.

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1 **Request IR-12:**

2

3 **Reference: Exhibit N-13, NSPI (Liberty) IR-34: NSPI advises that it has reduced its**
4 **executive team from 11 to 8 through the re-distribution of responsibilities.**

5 **a) Was the reduction in executive positions associated with a specific target for year**
6 **over year savings in executive compensation?**

7 **b) If so, what was that target?**

8 **c) If so, was the MRCCR advised of the targeted savings?**

9

10 **Response IR-12:**

11

12 (a-b) The NS Power executive team continuously evaluates opportunities for efficiency and
13 cost effectiveness in organizational structure, roles and responsibilities. While there is no
14 specific target for year over year savings, we seek to manage labour costs in balance with
15 ensuring reliability, customer service, and prudent management of the company.

16

17 (c) Any changes to the structure or roles of the executive team, are discussed with the
18 Management Resources, Compensation and Corporate Responsibility Committee
19 (MRCCR) prior to implementation.

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1 **Request IR-13:**

2
3 **Reference: Exhibit N-17, NSPI (NSUARB) IR-4, Attachment 1, Pages 12-14 of 33, NSPI's**
4 **2011 Scorecard**

- 5 a) **Please provide tables showing scorecard results for 2006 to 2010.**
6 b) **Please provide details on the tools used to measure customer satisfaction and**
7 **the measurement results.**
8 c) **Is minimizing rates a specific performance target? If not, why not?**

9
10 **Response IR-13:**

- 11
12 (a) Scorecard results for 2006 to 2010 are shown in Attachment 1.
13
14 (b) NS Power measures customer satisfaction on an overall basis as well as on the basis of
15 specific types of service transactions. Please refer to Attachment 2 which shows the
16 history of overall customer satisfaction as well as the history of ratings on six specific
17 transaction types:
18
19 (i) Billing Inquiry
20 (ii) Street Light Repair
21 (iii) Outage
22 (iv) New Installation
23 (v) Connect/Disconnect
24 (vi) Wiring Inspection
25
26 (c) Minimizing rates is inherent within all scorecard measures.
27

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- 1 • Inherent in achievement of Safety goals is cost saving related to incidents. Focus
2 on safety measures will advance our reputation and build pride in our employees.
3 They align with our goal to build a reputation for customer service.
4
- 5 • Employee “People” goals reinforce health, wellness, and professional
6 development which all contribute to productivity and efficiency. Top priority
7 remains on attracting, developing and retaining employees to enhance our
8 capability to deliver on operational and asset management growth objectives,
9 which deliver direct benefit to customers.
- 10
- 11 • As noted above, the “Customer” goal is to build a reputation for service in four
12 key areas: price, reliability, environmental performance and customer service.
13 With respect to price, with fuels costs being a primary driver of customer rates,
14 performance goals are designed to support efficiency and cost saving in the
15 procurement of fuels. The Fuel Adjustment Mechanism (FAM) operates to
16 ensure customers pay no more and no less than the actual costs of fuel. NS Power
17 has proposed a Rate Stabilization Plan to assist customers to adjusting to current
18 cost pressures, as opposed to seeking to immediately recover all forecast costs.
19 The goals of improving reliability, environmental performance and customer
20 service all have impact on achieving long term efficiencies for the benefit of
21 customers which will be reflected in rates.
- 22
- 23 • The “Asset Management” goals reinforce efficiency in resource planning and
24 capital investment activity. These measures are tied to implementing an asset
25 management plan that aligns with the Integrated Resource Plan (IRP) which
26 provides guidance for long term supply and demand transformation – including
27 conservation and efficiency, addition of new resources, improving efficiency of
28 our thermal units, increasing fuel flexibility, and transmission upgrades.
29 Investment plans for existing thermal generation assets are developed with

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1 remaining life in mind as well as upgrades and new developments in our hydro
2 assets that meet customer needs and environmental regulations. This aligns with
3 the focus on customer service, drives the development of new renewable
4 generation; and will reduce the likelihood of major capital additions to coal plants
5 late in life. Customers benefit from the implementation of the asset management
6 plan in alignment with the IRP, and Board-approved capital work orders, in that
7 projects are pursued on the basis of ensuring maximum benefit to customers over
8 the life of the projects.

- 9
- 10 • Finally, financial objectives directly incent cost saving and control of Operating
11 Costs.

NSPI Corporate 2006 BSC			Performance Levels			Comments
Scorecard Perspective	Corporate Objective	Measure of Success	Threshold	Target	Stretch	
			Performance Target	Performance Target	Performance Target	
Financial	Strong financial results	Earnings (EPS)	\$90M (\$0.82)	\$100M (\$0.91)**	\$105M (\$0.95)	This measure is weighted at 35% of the total scorecard. With results at \$104.3M Earnings, one third of this measure, weighted at 20% of the total 35%, will be prorated and paid out between Target & Stretch; Free Cash Flow results of \$177M put this sub measure at a payout at Stretch; and, OM&G results of \$202.5M place the remainder at Target (not prorated). The last two thirds of this goal are weighted at 7.5% each. Based on these results the potential payout is $67.9\% = (.2 \times 2.12) + (.075 \times 2.4) + (.075 \times 1) \times 100$
		Free Cash Flow	\$120M (\$20M)	\$138M (\$38M)	\$150M (\$50M)	
		OM&G	\$210M	\$205M	\$200M	
Financial	2007 Rate Case	Timely filing of 2007 Rate Case	2007 Rate Case prepared for filing by June 30	UARB issues decision by year-end	Rate increase sufficient to earn allowed return on equity	The Rate Case was prepared for filing by 30 Jun 06 but was not actually filed until Oct 06, so a decision by year end was not achieved. The UARB did, however, issue a decision on 5 Feb after a successful settlement agreement was reached This measure is weighted at 20% and at Threshold pays out at 50% of Target $10\% = (.2 \times 0.5) \times 100$
Customer	Reputation with customers	Service reliability – SAIFI x SAIDI	8	7	6	This measure is weighted at 25% and Service Reliability results were achieved at the Threshold measure of 8 (actual results 7.69) so one half of this measure will pay out at 50% of Target; $6.3\% = (0.25 \times 0.5 \times 0.5) \times 100 + 0$
		Customer satisfaction - % of customers rating NSPI >= 7	>70% - Q4	> 75% - Q4	> 85% - Q4	The Customer Satisfaction rating comprises the remaining half of this measure, and was not achieved as articulated in this scorecard (ie: while the annual average was 70.4%, the results for Q4 were 69% so the Threshold performance was not met) (Calculation included in the above)
Asset Management	Strategy	Lowest life cycle cost and highest value to customer	LNCFS approved for Lingan 3 in 2006	Threshold plus generation strategy approved,	Target plus NICCE plan refocused and accepted internally, by the province and communicated federally	The Asset Management measure is weighted at 10% of the total scorecard and is split equally between two objectives; the Low NOx Combustion Fired System (LNCFS) for Lingan unit 3 was approved in 2006, so half of this measure was achieved at Threshold (or 50% of Target) And the Transmission & Distribution (Capex & Opex) Investment Plan was developed in 2006 to address key UARB findings from the Outage Review Hearing aimed at storm hardening the T&D system and improving customer reliability. This measure was achieved at Stretch (or 150% of Target) $10\% = (0.10 \times 0.5 \times 0.5) + (0.10 \times 1.5 \times 0.5) \times 100$
		T&D Asset/System Assessment	Distribution Asset/System Assessment c/w Detailed Report and findings approved internally	Threshold plus multi-year Bulk Power System review completed, plan developed and approved internally	Capex/Opex plan developed to address key UARB findings	
People	Safety	Safety incidents as per Safety Excellence targets	<= 17	<= 15	<= 13	The People Measure is weighted at 10% of the total scorecard and is split equally between two objectives, Safety & Succession Planning/Performance management; The Safety target was not achieved as articulated as we experienced 19 reportable incidents. This result is not an accurate representation of NSPI's 2006 Safety results, which are explained in greater detail in the attached document.
People	Focus on execution of operating, customer service and leadership objectives to achieve earnings, cash flow and service level objectives.	Succession plans in place and implemented as required. Performance is managed and employee goals are aligned with the organization.	Resource plans that address attrition, wellness and leadership development implemented. BSC aligned 2 levels down.	Threshold plus Performance Management cycle complete.	Target plus statistically significant improvement on Customer Focus measure in the 2006 employee survey.	The 2 nd half of this measure was achieved at Stretch as we realized a 14% improvement on the Customer Focus measure of the Employee Survey, in addition to achievement of the Threshold & Target measures of success $7.5\% = 0 + (0.10 \times 1.5 \times 0.5) \times 100$
					Total	$101.7\% = 67.9\% + 10\% + 6.3\% + 10\% + 7.5\%$

2006 NSPI Corporate Scorecard – Background Information

1) Financial – Emera Earnings Per Share (EPS) – NSPI Share:

- Corporate Objective – Achieve Strong Financial Results:
- Weighting per total scorecard of 35% for this measure, split into 3 sub-measures, weighted as indicated:
 - i. **Earnings (EPS) (20%)** – the *Target* was to achieve \$100 million Earnings, which translated into the NSPI share of the Emera EPS of \$0.91; (Note, the Emera EPS Target was \$1.14); We achieved between **Stretch & Target** on this measure, so it was prorated to reflect actual results, consistent with the scorecard methodology.
 - ii. **Free Cash Flow (7.5%)** – the *Target* was to achieve \$138 million, before dividends paid (\$38 Million after dividends); We achieved beyond **Stretch** on this measure with \$177million free cash flow (the *Stretch* amount on the scorecard was \$150 million)
 - iii. **OM&G (7.5%)**– the *Target* measure was for actual OM&G spending not to exceed \$205 million; We actually achieved OM&G spending of only \$202.5 million, which placed our results between *Target & Stretch*. As this portion of the Financial goal was not ‘pro-rated’, we indicate our achievement at **Target**
- **Weighted payout results for this measure accounted for 67.9% of the total scorecard results**

2) Financial – Business Target:

- Corporate Objective –Strong Financial Results – 2007 Rate Case
- Weighting per total scorecard of 20% for this measure
- Given that the Rate Case outcome represents NSPI’s future growth, the 20% weighting, analogous to the Emera corporate scorecard second financial measure, is appropriate
- The Rate Case application was prepared by June 30th, as per the **Threshold** performance target. While a decision was not reached at year end, the UARB did issue a decision on February 5th, after a successful settlement agreement was reached with stakeholders.
- Consistent with the scorecard methodology, this Business Unit Financial measure was an OM&G target for the majority of our employees. This varies from our Corporate scorecard where OM&G is reflected as one of three measures for our (first) Corporate Financial Goal
- **Weighted payout results for this measure accounted for 10% of the total scorecard results**

3) Customer :

- Corporate Objective – Improve our Reputation with Customers
- Weighting per total scorecard of 25% for this measure (Note: All scorecards, team and individual, had a weighting of 25%)
- This measure was split evenly into two sub-measures
 - i Service Reliability (12.5%) – A measure of the System Frequency of Outages (SAIFI) multiplied by the System Duration of Outages (SAIDI); The performance targets indicated in the scorecard exclude reliability performance as impacted by storms (ie: “Storms out”); System performance resulted in our achievement of the **Threshold** target of 8 (actual results were 7.69).
 - ii Customer Satisfaction (12.5%) – Refers to the percentage of customers surveyed whose responses rate their satisfaction with NSPI at greater than or equal to 7 out of a possible score of 10; The surveys are random, conducted quarterly and focus on questions related to our Rates, Reliability, Outage Communications and the Environment to produce an Overall Customer Satisfaction rating. The threshold target of “greater than or equal to 70% satisfaction in the 4th quarter” was not met, though the annual average rating was 70.4%. As a result, this sub-measure was scored as “not achieved” (0).
- While the performance target was not achieved as articulated in the scorecard, it is important to note that throughout 2006 our satisfaction ratings trended upward; from an average (residential & business) of 69% in Q1 to an average of 73% in Q3.
- The combination of a Q4 Rate Case application, the November ‘salt outages’ and the early December storm outages in Cape Breton may have adversely impacted our customer satisfaction ratings for Q4
- **Weighted payout results for this full Customer measure accounted for 6.3% of the total scorecard results**

4) Asset Management:

- Corporate Objective – Focus on Strategy
- Weighting per total scorecard of 10% for this measure, evenly split between two sub-measures:
 - i. Lowest Life Cycle Cost & Highest Value to Customer (5%) – The **Threshold** performance measure was to have the Low NOx Combustion Firing System (LCNFS) approved for Lingan Unit 3 in 2006, and this was achieved. The LCNFS is proven, reliable technology and is the lowest cost option that meets the emissions reductions compliance cap (effective 2009), so this program, combined with appropriate tuning of existing combustion processes to optimize NOx performance, forms NSPI’s compliance strategy
 - ii. Transmission & Distribution (T&D) Asset/System Assessment (5%) – In 2006, NSPI developed a multi-year T&D (Capex and Opex) Investment Plan to address key UARB findings from the outage review hearing. The detailed multi-year plan identified key investments that are required in order

to 'storm harden' the system and improve customer reliability. The 2007 investments were approved internally and are included in the 2007 Capital Plan, so we achieved our **Stretch** performance target for this measure. (Note: in order to achieve *Stretch*, we were required to also achieve the foregoing *Threshold* and *Target* performance targets as well.)

- **Weighted payout results for this full Asset Management measure totaled 10%**

5) People:

- The Corporate Objective is a combination of a Focus on Safety, and on Succession Planning and Performance Management
- Weighting per total scorecard of 10% for this measure, evenly split between two sub-measures:
 - i Safety (5%) - Safety incidents as per Safety Excellence targets. This measure was not achieved as the number of reportable safety incidents was 19 and the **Threshold** measure was to have less than or equal to 17. While this measure was not achieved corporately, it is important to note that these results are not reflective of the broader successful safety performance for 2006. Customer Operations did achieve its safety targets and therefore approximately half of eligible NSPI operational employees will be receiving a payout for achieving this measure. In **every** measurement criteria set by the Canadian Electrical Association and tracked by NSPI there was improvement over our safety performance in 2005. In some cases these improvements were significant.

Our severity rate of 5.07 was the lowest ever recorded (a 60% improvement over last year), and 19 reportable injuries is the second lowest number we have ever recorded at NSPI, a 5% increase over last year. An "All Injury Frequency" (AIF) of 1.27 and a "Lost Time Frequency" (LTF) of 0.27 were the second lowest rates we have recorded in these categories, improvements of 7% and 44% respectively.

- ii Succession Planning & Performance Management (5%)– Our performance on this measure was at **Stretch**, as we achieved the foregoing Threshold and Target measures, which incorporated Workforce & Succession Planning, scorecard alignment and performance management goals. The achievement of a 14% increase on the Customer Focus measure of the Employee Survey is considered 'statistically significant' and represents an improvement over last year.
- **Weighted payout results for the full People measure totaled 7.5%**

2007 NSPI BALANCED SCORECARD			Performance Levels			Comments	RESULTS
Scorecard Perspective	Corporate Objective	Measure of Success	Threshold	Target	Stretch		
			Performance Target	Performance Target	Performance Target		
Financial	Strong financial results (30%)	NSPI Earnings (20%)	\$90M (25%*20%=5%)	\$95M (100%*20%=20%)	\$100M (240%*20%=48%)	Free Cash Flow before dividends (this measure is pro-rated)	48%
		Free Cash Flow (pre dividends) 10%	\$150M (25%*10%=2.50%)	\$175M (100%*10%=10%)	\$200M (240%*10%=24%)		18%
Financial	Business Unit Financials (20%)	OM&G (20%)	\$201.4 (25%*20%=5.0%)	\$199.4 (100%*20%=20%)	\$197.3 (240%*20%48%)	On BSC for every GM +2 levels down	0
Customer	Reputation with Customers (25%)	Service Reliability – SAIFI X SAIDI (12.5%)	8 (50%*12.5%=6.25%)	7 (100%*12.5%=12.5%)	6 (150%*12.5%=18.75%)	Storms out/residential/ business (Annual Average customer satisfaction survey results)	6.25%
		Customer Satisfaction- % of customers rating NSPI >=7 (12.5%)	>70% (50%*12.5%=6.25%)	>75% (100%*12.5%=12.5%)	>80% (150%*12.5%=18.75%)		6.25%
Asset Management	Strategy (10%)	(5%) Forward progress on Technology, Assets and Reduction of Emissions	Successful execution of Phase 1 of Multi-Year T&D Asset Plan (50%*5%=2.5%)	Threshold plus Approval by UARB of FAM (100%*5%=5.0%)	Target plus NSPI has successful publicity on role in addressing climate change (150%*5%=7.5%)		5.0%
		(5%)	Successful completion of LNCFS on LIN 2 & 4 and acceptable UARB approved IRP (50%*5%=2.5%)	Threshold plus UARB Approval of TRE 5 Plan and NSPI Board Approval of Generation Strategy (100%*5%=5.0%)	Target plus UARB approval of generation strategy (150%*5%=7.5%)		7.5%
People	Safety (7.5%)	Safety Incidents as per Safety Excellence targets	<=16 (50%*7.5%=3.75%)	<=14 (100%*7.5%=7.5%)	<=12 (150%*7.5%=11.25%)		0
People	Focus on execution of operating, customer service, and leadership objectives to achieve earnings, cash flow and service level objectives (7.5%)	Attract & retain the talent required Customer Focused Culture	Performance Management Cycle complete and BSC aligned 2 levels down (50%*7.5%=3.75)	Threshold plus Implementation of Workforce & Succession Plans as updated for 2007 And Successful negotiations for new IBEW Agreement (100%*7.5%=7.5%)	Target plus 5% or greater improvement in Customer Focus measures on 2007 Employee Commitment Survey (150%*7.5%=11.25%)	Calculated forecast of BSC Incentives completed at mid-year review submitted to NSPI Controller	7.25%
TOTAL							98.5%

2007 NSPI Corporate Scorecard – Background Information

1) Financial –NSPI Earnings:

- Corporate Objective – Achieve Strong Financial Results:
- Weighting per total scorecard of 30% for this measure, split into 2 sub-measures, weighted as indicated:
 - i. Earnings (EPS) (20%) – the *Target* was to achieve \$95 million in Earnings. We achieved **Stretch** on this measure, as supported by the audited year end financial statements. (**Earnings = \$100.2 M**)
 - ii. Free Cash Flow (10%) – the *Target* was to achieve \$175 million, before dividends paid. We achieved between **Target & Stretch** on this measure, as supported by the audited year end financial statements. (**Free Cash Flow = \$190.5 M**)
- **Weighted payout results for this measure accounted for 66% of the total scorecard results**

2) Financial – Business Target:

- Corporate Objective –Strong Financial Results – OM&G
- Weighting per total scorecard of 20% for this measure
- OM&G (20%)– the *Target* performance measure was for actual OM&G spending not to exceed \$199.4 million. We did not achieve **Threshold** on this performance measure, largely as a result of the November 1st Tropical Storm Noel costs. (**OM&G = \$206 M**)
- **Weighted payout results for this measure accounted for 0% of the total scorecard results.**

3) Customer :

- Corporate Objective – Improve our Reputation with Customers
- Weighting per total scorecard of 25% for this measure (Note: All scorecards, team and individual, have a weighting of 25%)
- This measure was split evenly into two sub-measures
 - i. Service Reliability (12.5%) – Reliability is a measure of the System Frequency of Outages (SAIFI) multiplied by the System Duration of Outages (SAIDI). The performance targets indicated in the scorecard exclude reliability performance as impacted by storms (ie: “Storms out”). We achieved **Threshold** on this measure, as supported by the audited year end system performance statements. (**2007 Reliability = 7.96**)
 - ii. Customer Satisfaction (12.5%) – This refers to the percentage of customers surveyed whose responses rate their satisfaction with NSPI at greater than or equal to 7 out of a possible score of 10. The surveys are

random, conducted quarterly and focus on questions related to our Rates, Reliability, Outage Communications and the Environment to produce an Overall Customer Satisfaction rating. We achieved **Threshold** of "greater than or equal to 70% satisfaction as averaged over the four quarters" (**2007 Residential = 72% & Business = 70% Customer Satisfaction**)

- **Weighted payout results for this full Customer measure accounted for 12.5% of the total scorecard results.**

4) Asset Management:

- Corporate Objective – Focus on Strategy – Make forward progress on Technology, Assets and Reduction of Emissions
- Weighting per total scorecard of 10% for this measure, evenly split between two sub-measures:
 - Multi-Year Transmission & Distribution (T&D) Asset Plan & FAM (5%) – The *Threshold* performance measure was to successfully execute Phase 1 of the Multi-Year Transmission & Distribution (T&D) Asset Plan. This detailed multi-year plan identified key investments that are required in order to 'storm harden' the system and improve customer reliability. Phase 1 of this plan was successfully completed, so we achieved the *Threshold* performance measure. Given that we also received UARB approval of a Fuel Adjustment Mechanism (FAM), we achieved **Target** on this measure.
 - Generation Strategy (5%) – The *Threshold* performance measure was to complete the Low NOx Combustion Firing System (LCNFS) installation for Lingan Units 2 and 4 in 2007, and have the UARB approve the Integrated Resource Plan (IRP). This was achieved. The *Target* performance measure was to achieve *Threshold* plus receive UARB approval of the Trenton 5 Plan and have NSPI Board of Directors approval of our Generation Strategy. The NSPI Board of Directors has approved both the 2008 Corporate Strategy (in which the Generation Strategy is embedded) and the Integrated Resource Plan (IRP) (which also has the Generation Strategy embedded in the Plan). The UARB has approved the Trenton 5 Plan, so the *Target* performance measure was also achieved. Given that the UARB also approved the Tuff's Cove (TUC) 6 Plan, we achieved **Stretch** on this performance measure.
- **Weighted payout results for this full Asset Management measure accounted for 12.5% of the total scorecard results.**

5) People:

- The Corporate Objective is a combination of a Focus on Safety, and on Succession Planning and Performance Management
- Weighting per total scorecard of 15% for this measure, evenly split between two sub-measures:
 - Safety (7.5%) - Safety incidents as per Safety Excellence targets. We did not achieve this measure as the number of reportable safety incidents at year end was 19 and the *Threshold* performance level

was to have less than or equal to 16 incidents. While we did not achieve Threshold on this measure it is important to note that our standing at year end was the best safety performance achieved by the Company to date. We realized a 30% decrease over 2006 for Lost Time Frequency (LTF), the lowest ever at NSPI; and a 4% decrease for All Injury Frequency (AIF), second lowest ever at NSPI.

(2007 Results = 19 Incidents)

- ii Succession Planning & Performance Management and Successful Negotiation of New Collective Agreement (7.5%)– We achieved **Target** on this measure, having achieved *Threshold*, with scorecard alignment and performance management cycle completed, as well as Workforce & Succession Plans updated and implemented for 2007, and “successful negotiations for the new IBEW Collective Agreement” (which was achieved with the ratification by both parties of a new 56 month agreement in August). The stretch performance measure was achievement of a “5% or greater” increase on the Customer Focus measure of the Employee Survey, and though we achieved an increase of 4%, we did not reach the *Stretch* goal.
- **Weighted payout results for the full People measure, including Safety, accounted for 7.5 % of the total scorecard results.**

The 2007 NSPI Corporate Scorecard results totaled 98.5% of Target.



SCORECARD INCENTIVE PLAN
January - December 2008

Employee Information		Employee Incentive Level	
Name	NSPI Corporate Scorecard	Manager	100%
Position		Director	
Estimated Base Earnings		x Executive	

Corporate Initiative	Balanced Scorecard Objective	Measure of Success	Emp Level Weight	Threshold Performance Target	Perf. Level Weight	Target Performance Target	Perf. Level Weight	Stretch Performance Target	Perf. Level Weight	Actual Results	Actual % Payout (*See Below for calc.)
FINANCIAL - NSPI Earnings			NSPI's Earnings Targets are incorporated into Emera's EPS Target on a consistent basis.							Actual Earnings (\$M)	
	Strong Financial Results	NSPI Earnings (in millions \$\$) (20%)	20%	\$95	50%	\$100	100%	\$105	150%	\$105.0	30.000%
		Cash from Operations plus inventory & working capital (10%)	10%	\$225	50%	\$260	100%	\$290	200%	\$259.0	9.857%
FINANCIAL - Business Target										Actual OM&G	
	Business Unit Financials	Decrease in OM&G	10%	\$203	50%	\$198	100%	\$180	250%	\$203.0	5.000%
CUSTOMER										Results	
	Reputation with Customer	Reliability SAIFI X SAIDI (10%)	10%	7.75	50%	7	100%	6	250%	x None	0.00%
		Customer Satisfaction - % of customers rating NSPI >=7 (20%)	20%	UARB Approved FAM and DSM Plan	50%	>70%	100%	>85%	250%	x Target	20.00%
ASSET MANAGEMENT										Results	
	Strategy	Progress on Greener Cleaner Strategy	15%	Successful execution of phase 2 of Multi-year T&D asset plan; TUC6, Trenton 5 and low NOX	50%	Make determination on one out of province supply option	100%	Target plus 10% improvement on customers' satisfaction with NSPI's environmental performance	165%	x Target	15.00%
PEOPLE										Results	
	Focus on execution of operating, customer service, and leadership objectives to achieve earnings, cash flow and service level objectives	Attract & Retain the talent required	7.5%	Successful Development & Implementation of 2008 Workforce & Succession Plans	50%	Threshold plus action plan for NSPI to become a Top 50 Employer developed and approved by BOD	100%	Target plus achievement of an employee commitment score of 75% or greater	170%	x Target	7.50%
SAFETY										Results	
	Safety	Safety Incidents as per Safety Excellence Targets	7.5%	AIF < 1.25 (Approx 15 incidents, total)	50%	AIF < 1.0 + LTF < 0.30 (Approx 12 incidents, including < 4 Lost Time)	100%	AIF < 0.5 + LTF < 0.15 + Severity < 7 (Approx 8 incidents, including < 2 Lost Time)	170%	x Target	3.75%

NOTES:

POTENTIAL PAYOUT		
Threshold	Target	Stretch
50.0%	100.0%	200.3%
\$0	\$0	\$0

**Actual % Payout:
Base Earnings X Inc Level Target X Emp. Level Weight X Perf. Level Weight

ESTIMATED PAYOUT (approximation, as earnings base may vary)	91.1% \$0
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2008 NSPI Corporate Score Card – Background Information

With the financials in we have finalized our scorecard results and based on our assessment the NSPI Scorecard will be paying out at 91.11% of target.

Net Earnings – Stretch 30%

Net earnings came in at \$105.6M, with no deferral of unrealized gas margins.

- Regulated return on equity at maximum allowed of 9.8%
- Regulated equity at maximum allowed at 40%
- Preliminary earnings were greater than allowed by UARB so the company had to write-down a few items to lower earnings to allowed
 - Deferred DSM costs of \$1.4M written-off – will reduce future amortizations
 - S21 written down by \$1.2M – will reduce future amortizations
 - Preliminary engineering costs incurred in prior years in support of Lingan FGD written-off (\$900K)

Cash Flow from Operations – just below target 9.857%

Cash flow from operations is \$259M versus a target of \$260M

- Excludes long-term receivable and posted margin variances as agreed to in previous years.

OM&G – Threshold 5%

The final OM&G amount was \$203.7M versus threshold of \$203M. However, this measure was intended to incent leaders and their teams to manage their budgets which they did. We made some corporate decisions which increased that number just beyond \$203M which should not negatively impact employees. Two examples of these decisions are:

- Preliminary engineering write-off conservative approach by management due to the fact that the company was going to over-earn and some question of the future viability of project. Decision was made by senior management and not included in 2008 budgets.
- The company incurred \$2.6M in unexpected legal costs for the Guasare default that was not in the budget.

Reliability – No payout

- Nova Scotia Power did not achieve its Reliability Scorecard targets for 2008.
- The year-end 2.0 Beta (Storms-out) number was 9.8 vs a threshold target of 7.75.
- At the end of November, NSPI was forecasting a year-end target of 8.19 which was slightly over the 7.75 year end threshold target. December's performance was significantly worse than the historical 5-year monthly average. This was driven primarily by several Loss of Supply Transmission-related outages (Western Cape Breton) and a number of smaller storm days which did not meet the threshold for classification as official storm days.
- On the positive side, analysis has confirmed that our spending on reliability improvements have had a positive improvement on service continuity. The data strongly supports that where we trimmed trees and invested to improve customer reliability, NSPI has seen a positive change in the reliability of those circuits.

- Over the long term, continued investments in vegetation management and reliability enhancements will enable NSPI to achieve its long term (5-year) goal of having the best reliability in terms of frequency of outages in Atlantic Canada.

Customer Satisfaction – Target 20%

For 2008, the Customer Satisfaction score was 72.5%, which is just above our target of 70% or greater. This is based on the average score for the Residential and Commercial segments over the four quarters of the year. This is a solid end result for Customer Satisfaction, particularly in light of the rate increase which caused the expected decrease in scores.

For stretch, we look at two key questions in the market research related to NSPI's Environmental Performance. We had set a goal of increasing satisfaction with Environmental Performance by 10%. Taking an average of these two questions for both Residential and Business over the four quarters in 2008 resulted in an increase of 2% over 2007, falling short of the stretch measure.

Asset Management – Target 15%

We achieved our threshold goals of the following:

- Successful execution of Phase 2 of T&D Asset Plan. All identified feeders in the targeted feeder reliability plan (2008) have been completed.
- TUC 6. The Work Order was approved and project on schedule for 2010 completion.
- Trenton 5. The Work Order was approved and on schedule for 2009 completion.
- LNCFS. The Units were completed on schedule, on budget and performing well

We also achieved our target to make a determination on one out of province supply option.
- Lower Churchill MOU signed and progress made as per plan.

We did not achieve stretch which was a 10% improvement on customer' satisfaction of NSPI's environmental performance.

- Satisfaction improved just 2%.

Safety – Threshold 3.75%

NSPI achieved an AIF of 1.17 versus a threshold target of 1.25. The 1.17 AIF represents the second best AIF performance in the company's history.

Four (4) CEA recordable incidents were recorded in December which caused our forecast of best ever safety performance to be just missed.

People – Target 7.5%






We had a very successful year regarding workforce and succession planning including more closely involving the Board of Directors which met our threshold. We also developed an action plan to become a Top 50 Employer which was approved by the Board earlier in the year – allowing us to achieve target. While participation in the survey was excellent again this year, we stayed flat on employee commitment of 69% which fell short of stretch.

Based on these corporate results, the NSPI Executive Team will be paid out at 91.15% of target except for some additional recognition of the success of the rate case.

Name	NSPI Corporate Scorecard
Date	Final Year End Results

Manager
Director
Executive 100%

SCORECARD INCENTIVE PLAN
January - December 2009

Corporate Initiative	Balanced Scorecard Objective	Measure of Success	Emp. Level Weight	Threshold	Perf. Level Weight	Target	Perf. Level Weight	Stretch	Perf. Level Weight	Actual Results (as of Nov 30, 2009)	Actual % Payout (*See Below for calc.)
FINANCIAL - NSPI Earnings										NSPI's Earnings Targets are incorporated into Emera's EPS Target on a consistent basis. Earnings measure will be prorated. Cash Flow measure will be prorated for SMT only.	
	Strong Financial Results	NSPI Earnings (in millions \$\$) (30%)	30%	\$101 (50%*30%=15%)	50%	\$104 (100%*30%=30%)	100%	\$108 (200%*30%=60%)	200%	Actual Earnings (\$M) \$111.0	60.000%
		Cash from Operations plus inventory & working capital (10%)	10%	\$180 (50%*10%=5%)	50%	\$195 (100%*10%=10%)	100%	\$250 (200%*10%=20%)	200%	\$250.0	20.000%
CUSTOMER										This measure will not be prorated	
	Reputation with Customer	Reliability SAIFI X SAIDI (10%) 2.5 Beta Storms in	10%	13.5 (50%*10%=5%)	50%	11.5 (100%*10%=10%)	100%	9.5 (200%*10%=20%)	200%	11.6	9.75%
		Customer Satisfaction = % of customers rating NSPI 7 out of 10 or better (20%)	20%	At least 72% (50%*20%=10%)	50%	At least 77% (100%*20%=20%)	100%	At least 85% (200%*20%=40%)	200%	Results None Threshold Target Stretch	0.00%
ASSET MANAGEMENT										This measure will not be prorated	
	The transformation of NSPI to address sustainability and our significant focus on "greening" NSPI through appropriate recognition of environmental issues	Progress on Greener Cleaner Strategy (15%)	15%	Internal Integrated Resource Plan approved by the BOD by the end of May 09 and Reputation Plan approved by the BOD by the end of Q1 (50%*15%=7.5%)	50%	Threshold + Successful execution of both the Reputation Plan and 2009's top 3 priorities to support the IIRP. (100%*15%=15%)	100%	Target + Successful execution of 2009's top 5 priorities to support the IIRP and a measure of external recognition of NSPI's improving environmental performance. (200%*15%=30%)	200%	Results None Threshold Target Stretch	30.00%
SAFETY										This measure will not be prorated	
	Safety	Safety Incidents (7.5%)	7.5%	AIF less than "Best ever NSPI performance" (no one injury results in 180+ days lost) (50%*7.5%=3.75%)	50%	Threshold + LTF is less than "Best ever NSPI performance" (100%*7.5%=7.5%)	100%	AIF is less than "Best ever NSPI performance" + LTF=0 + Severity = 0 (200%*7.5%=15%)	200%	Results None Threshold Target Stretch	7.50%
PEOPLE										This measure will not be prorated	
	Focus on execution of operating, customer service, and leadership objectives to achieve earnings, cash flow and service level objectives.	Attract & retain the talent required (7.5%)	7.5%	At least 50% of the employees included in the Corporate Succession Plan along with other high-potentials from all levels of the company participate in a focused development program and 50% of employees participate in a wellness activity 50%	50%	At least 70% of the employees included in the Corporate Succession Plan along with other high-potentials from all levels of the company participate in a focused development program and 70% of employees participate in a wellness activity 70%	100%	Target + 75% Target = 73.5 Result - Favorable rating by employees on the employee survey for specific measures relating to learning and development. 75%	200%	Results None Threshold Target Stretch	7.50%




POTENTIAL PAYOUT		
Threshold	Target	Stretch
50.0%	100.0%	200.0%
\$0	\$0	\$0

****Actual % Payout:**
Base Earnings X Inc Level Target
X Emp. Level Weight X Perf. Level Weight



ESTIMATED PAYOUT
(approximation, as earnings base may vary)
134.8%

If Emera EPS threshold is not met, the total payout for all incentives will not exceed target. Final Incentive calculations will be subject to audit review of all formulas.



Company	NSPI Corporate Scorecard		Emp Level Weight	Threshold Performance Target	Perf Level Weight	Target Performance Target	Perf Level Weight	Stretch Performance Target	Perf Level Weight							
Date	Year-end Results															
SAFETY																
	Safety First	Safety Incidents (7.5%)	7.5%	AIF < "Best ever NSPI performance" (50%*7.5%=3.75%)	50%	Threshold plus LTF < "Best ever NSPI performance" (100%*7.5%=7.5%)	100%	Target plus AIF < "Best ever NSPI performance" and LTF=0 and Severity = 0 (200%*7.5%=15%)	200%	<table border="1"> <tr><th>Results</th></tr> <tr><td>x None</td></tr> <tr><td>Threshold</td></tr> <tr><td>Target</td></tr> <tr><td>Stretch</td></tr> </table>		Results	x None	Threshold	Target	Stretch
Results																
x None																
Threshold																
Target																
Stretch																
Q4 - Year-end Results	<p>Although NSPI for the second year in a row has achieved an AIF of less than one - a performance that is less than half of the CEA average - we did not better our 2009 performance which was 0.85 (2010 AIF was 0.88). The dedication and commitment of the entire company to endeavor to achieve our best year ever in safety has been visible in many ways. Despite not achieving threshold, there were significant achievements in 2010.</p> <ul style="list-style-type: none"> • COPS Division achieved 2M person hours without a lost time injury (Sept 2010). • Tufts Cove Generating Station achieved 1M person hours without a lost time injury in July 2010. The last lost time was in February 2004. • Point Aconi Generating Facility has not had a lost time injury since May 2005. • Hydro Division has not had a lost time injury since December 2007. • Safety Performance on Capital Projects was 4 times better than the average tracked by the WCB for construction in Nova Scotia. • Trenton GS achieved no lost injuries for the first time in five years with organizational changes and effectiveness projects underway 															
PEOPLE																
	Focus on growth, leadership, wellness, and employee commitment to enhance our capability to deliver on operational and asset management growth objectives.	Attract retain and develop the talent required (7.5%)	7.5%	> 60% of leaders and high potentials participate in a focused leadership development program plus 2010 Health Assessments maintain 2009 baseline levels (50%*7.5%=3.75%)	50%	Threshold plus 10% improvement Health Assessment baseline levels and 2010 Capital Plan Resourcing Plan is completed (100%*7.5%=7.5%)	100%	Target plus 80% Employee Commitment Index on 2010 Annual Employee Survey (200%*7.5%=15%)	200%	<table border="1"> <tr><th>Results</th></tr> <tr><td>None</td></tr> <tr><td>Threshold</td></tr> <tr><td>x Target</td></tr> <tr><td>Stretch</td></tr> </table>		Results	None	Threshold	x Target	Stretch
Results																
None																
Threshold																
x Target																
Stretch																
Q4 - Year-end Results	<ul style="list-style-type: none"> • We have recruited all the positions required for the 2010/2011 capital program. We utilized a mixture of staffing strategies of moving permanent employees into project roles, hiring external candidates, consultants, contractors, retirees, and term employees. • 2010 baseline levels for health screenings demonstrated a very positive trend in the right direction. From 2009 to 2010, our high risk category decreased by 5.2% and our medium risk category decreased by 20%. We achieved the 10% improvement overall from 2009 baseline targets. We had a 74% participation rate overall up from 72% in 2009. • The annual employee survey had an 82% response rate for 2010 survey (down slightly from 83% in 2009). The overall commitment rating was 79% - up from 76% in 2009 and 69% in 2008. • Significant efforts were made in the development of leadership competencies, including leadership assessments which identified 138 high potentials. Forty-two leaders participated in 360 feedback survey and coaching processes; 28 mentees received mentors, 14 of 55 senior management team leaders (25%) received a new or expanded role; and 30 supervisors 															
CUSTOMER																
	Build reputation for service	Reliability statistics and customer satisfaction with reliability (10%)	10%	15% reduction in vegetation and equipment failure outages (compared to 2009 actuals) (50%*10%=5%)	50%	Threshold plus >=80% Customer Satisfaction Rating on reliability questions in NSPI Survey (100%*10%=10%)	100%	Target plus SAIFI x SAIDI <=15 (best reliability since 2001) (200*10%=20%)	200%	<table border="1"> <tr><th>Results</th></tr> <tr><td>x None</td></tr> <tr><td>Threshold</td></tr> <tr><td>Target</td></tr> <tr><td>Stretch</td></tr> </table>		Results	x None	Threshold	Target	Stretch
Results																
x None																
Threshold																
Target																
Stretch																
		Completion of key initiatives; customer satisfaction with service interactions and overall satisfaction improvement vs other provinces (20%)	20%	WMRP implemented and by May 2010, BoD approves 5-Year Plan for "Building a Reputation for Service" (50%*20%=10%)	50%	Threshold plus establish customer satisfaction measure on routine service transactions; and establish benchmark in Q1; and improve benchmark by 10% by year end (100%*20%=20%)	100%	Target plus highest % improvement in Customer satisfaction among Canadian peers (200%*20%=40%)	200%	<table border="1"> <tr><th>Results</th></tr> <tr><td>None</td></tr> <tr><td>x Threshold</td></tr> <tr><td>Target</td></tr> <tr><td>Stretch</td></tr> </table>		Results	None	x Threshold	Target	Stretch
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Company	NSPI Corporate Scorecard		Emp Level Weight	Threshold Performance Target	Perf Level Weight	Target Performance Target	Perf Level Weight	Stretch Performance Target	Perf Level Weight								
Date	Year-end Results																
Q4 - Year-end Results	<ul style="list-style-type: none"> Increased investments in vegetation management and capital initiatives continued as per our 5 year plan to improve Reliability. During the favorable weather of the first half, outages were reduced year over year by 20%. However, severe weather events returned with a vengeance in the second half, including Hurricane Earl in Q3 and a series of Northeaster storms in Q4. Outages to customers during Q4 increased dramatically with weekly storms in December, making 2010 the second worst in the company's history, and resulting in all three scorecard targets being missed. SAIFI x SAIDI was 76.40 for the year (Stretch target was <=15 [best reliability since 2001]). In 2010 there were 4 storm days, 5 major event days, 2 extreme days including Hurricane Earl (September 4/5) as compared to 2009 with 5 storm days, 3 major event days, 0 extreme days. With respect to general customer service, the year also had a very strong start, with record best 1st half service levels, and the development and Board approval of a new 5 year plan to Build a Reputation for Service. In addition, outdated systems for customer related work and inventory management were replaced (WMPRP), going live in July. Prices for customers started the year basically unchanged for 2009, as a slight decrease in FAM charges was offset by a similar increase for DSM programs from Efficiency NS. Reliability was good in the first half, and customers recognized the progress we were making to install and use more renewable generation. These factors combined to result in an increase in overall customer satisfaction to 77% at the end of Q2, and NSPI had the largest increase in satisfaction in the annual CEA survey of Canadian jurisdictions. The WMPRP project was a huge IT and change initiative, and the roles of over 700 employees were affected. The new systems were installed and the technology risk eliminated (the primary driver for the work). However, people, process and technology challenges took a number of months to address, and service levels dipped in Q3 before returning in Q4. NSPI introduced transactional research in Q1, and set an improvement target for Q4. Although the benefits of the new work management systems began to occur in Q4, these gains were not enough to reach the target. As expected, overall satisfaction fell in the second half with the announcement of an expected FAM rate increase. This challenge was compounded by storm related outages (see 																
ASSET MANAGEMENT																	
	Leave a legacy of clean energy	Progress on Greener Cleaner Strategy (15%)	15%	5 year Generation Investment Plan approved by the BoD by Q3; and execution on the top five 2009 BoD approved projects (Nuttby, TC6, LWS, additional Renewables and reliability investments) (50%*15%=7.5%)	50%	Threshold plus Asset Management Review conducted and recommendations implemented by year end (100%*15%=15%)	100%	Target plus BoD approves the Strategic Plan Renewables Projects for 2011 by year end (200%*15%=30%)	200%	<table border="1"> <tr><th colspan="2">Results</th></tr> <tr><td>x None</td><td rowspan="4" style="text-align: center; vertical-align: middle;">0.0%</td></tr> <tr><td>Threshold</td></tr> <tr><td>Target</td></tr> <tr><td>Stretch</td></tr> </table>	Results		x None	0.0%	Threshold	Target	Stretch
Results																	
x None	0.0%																
Threshold																	
Target																	
Stretch																	
Q4 - Year-end Results	<p>Our threshold target was not achieved as the 5 Year Generation Strategy was not completed and there were issues related to the Lower Water Street and TUC6 projects. Despite not achieving our Asset Management objectives, significant work was done on several fronts, progressing a 2010 capital investment program that exceeded \$500M, the largest annual investment program in our corporate history.</p> <ul style="list-style-type: none"> The completion of all three wind farms - Pt. Tupper, Digby & Nuttby - prior to year end and under budget represents significant success despite the challenges that came with partially developed projects prior to being handed over to us for completion. TC6 ATO was approved by the UARB permitting future cost recovery of \$92.9M. Project learnings have been incorporated into the 60 MW PH Biomass project management/oversight structure and the assignment of senior engineering staff to ensure design integrity. The 60 MW PH Biomass Project received UARB approval in early October and our project team has been established and assigned. The LWS office complex continues to advance with all demolition completed; building envelop is now complete and interior work is rapidly advancing. The tidal turbine was successfully recovered from the Minas Basin on December 16, 2010 with investigate work to commence upon return of turbine to Halifax. Early indications suggest higher tidal velocities than used in the design are the primary cause for the blades "popping out" of the blade attachment brackets. Preparation of 2011 ACE plan was completed and filed with the UARB essentially for public viewing for the first time in our history. 																
FINANCIAL - NSPI Earnings																	
	Strong Financial Results		NSPI's Earnings Targets are incorporated into Emera's EPS Target on a consistent basis.							Actual Earnings (\$M)							
		NSPI Earnings (in millions \$\$) (30%)	30%	\$104 (50%*30%=15%)	50%	\$108 (100%*30%=30%)	100%	\$115 (200%*30%=60%)	200%	\$115.0 60.0%							
		Cash from Operations plus inventory & working capital (10%)	10%	\$215 (50%*10%=5%)	50%	\$228 (100%*10%=10%)	100%	\$250 (200%*10%=20%)	200%	\$221.0 7.3%							
Q4 - Year-end Results	<ul style="list-style-type: none"> As previously forecasted, NSPI's 2010 net earnings of \$121 million exceeded the Stretch measure of \$115 million. These net earnings are partially due to income tax savings recorded this year, and to the company's decision to return to shareholders \$5.5 million of net earnings that were deferred in 2009. The cash from operations result for 2010 was \$221 million, mid-way between the Threshold amount of \$215 million and the Target amount of \$228 million. One of the contributing factors that caused this measure to fall below Target is the significant Tax Receivable balance on hand at year end. The income tax initiatives in 2010 helped the company reach Stretch for net earnings but challenged the cash from operations goals. 																
If Emera EPS threshold is not met, the total payout for all incentives will not exceed target. Final Incentive calculations will be subject to audit review of all formulas.						ESTIMATED PAYOUT (approximation, as earnings base may vary)			84.8%								

2010 NSPI Corporate Score Card – Background Information

We have finalized our scorecard results now that the financial numbers have been received. Based on our assessment, the NSPI Corporate Scorecard will be paying out at 84.8%. This is a decrease from the 95% result projected in November and is a result of not achieving the Safety Threshold Target and Cash Flow results coming in just under Target (result scaled between Threshold and Target).

Safety – Threshold not achieved (0%)

- Although NSPI for the second year in a row has achieved an AIF of less than one, a performance that is less than half of the CEA average, we did not better our 2009 performance which was 0.85 (2010 AIF was 0.88). We had the potential of making target as late as November but 4 recordable incidents prevented even threshold.
- The dedication and commitment of the entire company to endeavor to achieve our best year ever in safety has been visible in many ways. Despite not achieving threshold, there were significant achievements in 2010.
 - o COPS Division achieved 2M person hours without a lost time injury (Sept 2010).
 - o Tufts Cove Generating Station achieved 1M person hours without a lost time injury in July 2010. The last lost time was in February 2004.
 - o Point Aconi Generating Facility has not had a lost time injury since May 2005.
 - o Hydro Division has not had a lost time injury since December 2007.
 - o Safety Performance on Capital Projects was 4 times better than the average tracked by the WCB for construction in Nova Scotia.
 - o Trenton GS achieved no lost injuries for the first time in five years with organizational changes and effectiveness projects underway

People – Target Achieved (7.5%)

- We have recruited all the positions required for the 2010/2011 capital program. We utilized a mixture of staffing strategies of moving permanent employees into project roles and backfilling them; hiring external candidates, consultants, contractors, retirees, and term employees. We will continue to staff the upcoming projects in a similar manner.
- 2010 Baseline levels for Health Screenings demonstrated a very positive trend in the right direction. From 2009 to 2010, our high risk category decreased by 5.2% and our medium risk category decreased by 20%. We achieved the 10% improvement overall from 2009 baseline targets. We had a 74% participation rate overall up from 72% in 2009.
- The annual employee survey had an 82% response rate for 2010 survey (down slightly from 83% in 2009). The overall Commitment rating was 79% - up from 76% in 2009 and 69% in 2008. NS Power scores remained strong for almost all categories of survey measure. A statistically significant improvement was seen on Leadership scores (up 4% to 76%). The Customer Service Category was statistically unchanged at 69% (2010) versus 70% (2009). The Safety Category results remained high at 90% versus 89% in 2009; and the Wellness Category also remained high at 86% versus 85% in 2009.
- Significant efforts were made in the development of leadership competencies, including Leadership assessments which identified 138 high potentials. Forty-two leaders participated in 360 feedback survey and coaching processes; 28 mentees received mentors, 14 of 55

senior management team leaders (25%) received a new or expanded role; and 30 supervisors participated in supervisory training and orientations.

Customer – Reliability – Threshold not achieved (0%)

- Increased investments in vegetation management and capital initiatives continued as per our 5 year plan to improve Reliability. During the favorable weather of the first half, outages were reduced year over year by 20%. However, severe weather events returned with a vengeance in the second half, including Hurricane Earl in Q3 and a series of Northeaster storms in Q4. The preparation and recovery efforts from Earl were recognized by customers, municipal leaders and emergency measures for the province. Outages to customers during Q4 increased dramatically with weekly storms in December, making 2010 the second worst in the company's history, and resulting in all three scorecard targets being missed.
- SAIFI x SAIDI was 76.40 for the year (Stretch target was ≤ 15 (best reliability since 2001)). In 2010 there were 4 storm days, 5 major event days, 2 extreme days including Hurricane Earl (September 4/5) as compared to 2009 with 5 storm days, 3 major event days, 0 extreme days.

Customer - Satisfaction – Threshold Achieved (10%)

- With respect to general customer service, the year also had a very strong start, with record best 1st half service levels, and the development and Board approval of a new 5 year plan to Build a Reputation for Service. In addition, outdated systems for customer related work and inventory management were replaced (WMRP), going live in July.
- Prices for customers started the year basically unchanged for 2009, as a slight decrease in FAM charges was offset by a similar increase for DSM programs from Efficiency NS. Reliability was good in the first half, and customers recognized the progress we were making to install and use more renewable generation. These factors combined to result in an increase in overall customer satisfaction to 77% at the end of Q2, and NSPI had the largest increase in satisfaction in the annual CEA survey of Canadian jurisdictions.
- The WMRP project was a huge IT and change initiative, and the roles of over 700 employees were affected. The new systems were installed and the technology risk eliminated (the primary driver for the work). However, people, process and technology challenges took a number of months to address, and service levels dipped in Q3 before returning in Q4. NSPI introduced transactional research in Q1, and set an improvement target for Q4. Although the benefits of the new work management systems began to occur in Q4, these gains were not enough to reach the target.
- As expected, overall satisfaction fell in the second half with the announcement of an expected FAM rate increase. This challenge was compounded by storm related outages (see above), and we finished the year at 70% for Q4 and 73% as the overall average. Although this does represent a decrease from the mid-year highs, the annual result is 6 points higher than 2009 (67%).

Asset Management – Threshold not achieved (0%)

- Our threshold target was not achieved as the 5 Year Generation Strategy was not completed and there were issues related to the Lower Water Street and TUC6 projects as previously discussed with the Board.
- Despite not achieving our Asset Management objectives, significant work was done on several fronts; progressing a 2010 capital investment program that exceeded \$500M, the largest annual investment program in our corporate history. The significant expansion in our investment program, as well as lengthy negotiations and hearings on the biomass project, stretched our internal processes and resources to new levels with many great successes and a few challenges became evident which has identified some areas for improvement.
 - o The completion of all three (3) wind farms, Pt. Tupper, Digby & Nuttby prior to year end and under budget represents significant success despite the challenges that came with partially developed projects prior to being handed over to us for completion.
 - o TC6 ATO was approved by the UARB permitting future cost recovery of \$92.9M. The construction challenges encountered as a result of engineering errors has required significant management focus to minimize the effects and deliver a long term asset. Project learning's have been incorporated into the 60 MW PH Biomass project management/oversight structure and the assignment of senior engineering staff to ensure design integrity
 - o The 60 MW PH Biomass Project received UARB approval in early October, 2010 and our project team has been established and assigned.
 - o The LWS Office Complex continues to advance with all demolition completed, building envelop is now complete and interior work is rapidly advancing. The project scope has been expanded by 19,000 sq. ft. through the development of Block "C"
 - o The tidal turbine was successfully recovered from the Minas Basin on December 16, 2010 with investigate work to commence upon return of turbine to Halifax. Early indications suggest higher tidal velocities than used in the design are the primary cause for the blades "popping out" of the blade attachment brackets.
 - o Preparation of 2011 ACE plan was completed and filed with the UARB essentially for public viewing for the first time in our history.

Financial - Net Earnings – Stretch Achieved (60%)

- As previously forecasted, NSPI's 2010 Net Earnings of \$121 million have exceeded the Stretch measure of \$115 million.
- These net earnings are partially due to income tax savings recorded this year and also due to the company's decision to return to shareholders \$5.5 million of net earnings that were deferred in 2009.

Financials- Cash Flow – Scaled Result between Target and Threshold (7.3%)

- The Cash From Operations result for 2010 was \$221 million, mid-way between the Threshold amount of \$215 million and the Target amount of \$228 million.
- One of the significant contributing factors that caused this measure to fall below Target is the significant Tax Receivable balance on hand at year end.
- The income tax initiatives in 2010 helped the company reach Stretch for Net Earnings but challenged the Cash from Operations goals.

Based on these corporate results, the recommended corporate scorecard payout for 2010 is 84.8% of target. This compares to a 134.8% payout in 2009, 91.15% in 2008, 98.5% payout in 2007 and a 140% payout in 2006. In 2010, the Senior Management Team (Executive, Directors and Directors) were all part of the Corporate Scorecard versus individual cards and therefore would all receive the recommended corporate scorecard payout. The average payout for the eligible employee basis was 108%. The total dollars to be paid out is \$5.78M and has been accrued compared to \$6.5M in 2009 and \$5.0M in 2008.

Customer Satisfaction Survey 2006-2012 to-date

	Residential Survey Sample Size	Residential Top 4 Box	Business Survey Sample Size	Business Top 4 Box	Combined
Q1 2006	400	68.5	253	67.9	*
Q2 2006	403	68.7	250	72.1	*
Q3 2006	400	73.1	250	73.6	*
Q4 2006	402	69.3	250	68.7	*
Year-end 2006	1605	69.9	1003	70.5	70.2
Q1 2007	400	67.6	252	69.4	*
Q2 2007	400	71.2	250	69.9	*
Q3 2007	401	72.8	250	71.7	*
Q4 2007	400	75.0	250	70.2	*
Year-end 2007	1601	71.7	1002	70.3	71.0
Q1 2008	400	75.6	250	73.6	*
Q2 2008	400	75.7	251	73.7	*
Q3 2008	400	74.0	251	66.3	*
Q4 2008	401	73.2	250	67.9	*
Year-end 2008	1601	74.6	1002	70.4	72.5
Q1 2009	400	66.6	251	65.5	*
Q2 2009	407	65.8	252	61.8	*
Q3 2009	400	67.2	317	68.1	*
Q4 2009	404	71.6	324	70.7	*
Year-end 2009	1611	67.8	1144	66.8	67.3
Q1 2010	401	75.6	309	76.0	*
Q2 2010	400	79.4	325	71.8	*
Q3 2010	400	73.4	251	67.2	*
Q4 2010	400	67.8	251	73.2	*
Year-end 2010	1601	74.1	1136	72.2	73.1
Q1 2011	400	68.6	251	66.8	*
Q2 2011	400	64.3	250	70.6	*
Q3 2011	400	70.2	250	74.1	*
Q4 2011	401	60.4	251	64.5	*
Year-end 2011	1601	65.9	1002	69.0	67.4
Q1 2012	200	61.2	125	65.0	*
Q2 2012	200	59.3	126	57.9	*

***Note:** Top 4 box refers to the percentage of customers providing a satisfaction rating of 7, 8, 9, or 10 on a 10 point scale.

Customer Experience Study: Top-4 Box (Scores of 7-10)

	2010*	2011	2012-to-date
Billing Inquiry:	80%	81%	70%
New Installation:	80%	79%	72%
Connection/Disconnection:	87%	93%	---
Street Light Repair	85%	91%	---
Outage	76%	80%	---
Wiring Inspection:	76%	87%	---
Total n=	1987	1582	545

**Note: Survey question change from 2010 to 2011:*

2010: "Using a scale of 1 to 10 where a 1 means 'completely dissatisfied' and 10 means 'completely satisfied', overall, how satisfied are you with NSPI?"

2011/2012: "Using a scale of 1 to 10 where a 1 means 'completely dissatisfied' and 10 means 'completely satisfied', how would you rate your overall experience with NSPI related to your recent [insert experience]?"

The top-4 box score refers to the percentage of respondents who offer scores of 7-10.

NON-CONFIDENTIAL

1 **Request IR-14:**

2

3 **Reference: Exhibit N-5 (C), Attachment A – Confidential: Towers Watson Executive**
4 **Compensation Review, Page 11 (Page 23 of 33)**

5 **a) If the comparators used in the Towers Watson Executive Compensation Review**
6 **report were limited to regulated utilities with revenues between \$500 Million and**
7 **\$2 Billion as opposed to \$5 Billion, how would the recommended base salaries**
8 **compare to the 50th percentile of that group?**

9 **b) With the same conditions as in (a) how would the recommended target total cash**
10 **compare to the 50th percentile?**

11

12 **Response IR-14:**

13

14 (a-b) For 2011 Executive Compensation, filed in April 2012, Towers Watson did not complete
15 this analysis for NS Power. There is no report available.

REDACTED

1 **Request IR-15:**

2
3 **Reference: Exhibit N-5 (C), Attachment A – Confidential: Towers Watson Executive**
4 **Compensation Review, Page 12 (Page 24 of 33)**

5 a) [REDACTED]

6 [REDACTED]
7 b) [REDACTED]
8 [REDACTED]
9

10 **Response IR-15:**

11
12 (a) The Select Comparator group is a group of [REDACTED] energy services organizations which are
13 both regulated and unregulated who compare to NS Power as energy services
14 organizations. The Regulated Comparator group is a group of [REDACTED] regulated energy
15 services organizations who also compare to NS Power as a regulated energy services
16 organization.

17
18 The Broad Comparator group is a group of [REDACTED] organizations of similar size and nature as
19 NS Power including energy services, mining & mineral and industrial manufacturing
20 industries.

21
22 (b) Participation in the Towers Watson Executive Compensation Report, by specific
23 company, is voluntary. Participation can vary year over year. Nalcor Energy, NB Power
24 and Hydro Quebec may have chosen not to participate or they do not meet the revenue
25 requirement, and are therefore not included in the report.

NON-CONFIDENTIAL

1 **Request IR-16:**

2

3 **Reference: NSPI (Eckler) IR-19, Attachment 1, Page 2 of 3 (NSPI (NPB) IR-203 from 2012**
4 **General Rate Application (NSUARB P-892)):** NSPI advises that it has traditionally
5 **provided the identical pension plan to union and non-union employees.**

6 **What percentage of NSPI's pension plan obligations relate to non-union employees?**

7

8 Response IR-16:

9

10 On a going concern basis, for active members, 41.4 percent of the pension plan obligations as at
11 December 31, 2011 relate to non-union members. In the past, retirees and deferred vested
12 members were not tracked by union or non-union status, so the exact breakdown for retirees and
13 deferred vested members is not available; however, it would be reasonable to assume that the
14 split of obligations for these groups is similar to the split of obligations for active members.
15 Based on the above, approximately 41.4 percent of the Plan's going concern obligations relate to
16 non-union members and retirees.

NON-CONFIDENTIAL

1 **Request IR-17:**

2

3 **Reference: On page 83 of 159 of Exhibit N-2 it is noted that the discount rate was reduced**
4 **to 4.5% from 5.5% based on the Canadian Institute of Actuaries Educational Note**
5 **methodology.**

6 **Please present a list of similar vertically integrated utilities that use this methodology**
7 **and/or are using the same discount rate**

8

9 Response IR-17:

10

11 The Canadian Institute of Actuaries (CIA) issued the Educational Note “Accounting Discount
12 Rate Assumption for Pension and Post-employment Benefit Plans (the Guidance Note) in
13 September 2011. This Guidance Note was the result of a collaborative effort between the CIA
14 and the Canadian Institute of Chartered Accountants. The intention of this Guidance Note is to
15 standardize the methodology used to determine pension accounting discount rates. While the
16 Guidance Note is not binding on plan sponsors, it is anticipated that the majority of plan
17 sponsors will elect to follow the Guidance Note methodology. It is also anticipated that external
18 auditors will prefer the use of a discount rate determined in accordance with the Guidance Note.

19

20 Based on an informal survey from our actuarial consultants, approximately 67 percent of
21 organizations used the Guidance Note method for December 31, 2011 reporting. The survey did
22 not separate out vertically integrated utilities.

NON-CONFIDENTIAL

1 **Request IR-18:**

2

3 **Reference: Response to Eckler IR-1, NSPI states that "In 2001, a defined contribution**
4 **(DC) provision was introduced in the employee registered pension plan. As the pension**
5 **plan forms part of the collective agreement, any changes to the registered pension plan that**
6 **affect union employees have to be negotiated with the union as part of collective**
7 **bargaining. The union did not agree to allow its members to participate in the DC**
8 **provision."**

9 **What percentage of current non-unionized employees have chosen the DC provision?**

10

11 Response IR-18:

12

13 The percentage of non-union employees that have chosen the defined contribution provision of
14 the Pension Plan, as of June 30, 2012, is 29 percent.

NON-CONFIDENTIAL

1 **Request IR-19:**

2

3 **Reference: Response to Eckler IR-19, and Response to 2012 GRA (NSUARB P-892)**
4 **response to NPB IR-203.**

5 **Given the pension requirement changes since the 2012 GRA, can NSPI go into greater**
6 **detail on why NSPI has not considered establishing a separate pension plan for non-**
7 **unionized employees?**

8

9 Response IR-19:

10

11 NS Power has considered the possibility of establishing separate pension plans for union and
12 non-union employees. NS Power has traditionally provided comparable employment terms,
13 including pension plan and health benefits to union and non-union employees. NS Power
14 believes it is more appropriate and conducive for employee relationships to treat all employees
15 similarly. Any changes agreed to for the union group are typically applied to the non-union
16 group.

NON-CONFIDENTIAL

1 **Request IR-20:**

2

3 **Reference: Response to Eckler IR-20, NSPI states that "NS Power's policy is to fund the**
4 **minimum required under the Pension Benefits Act."**

5 **To what extent has NSPI reviewed other pensions in similar sectors to identify alternatives**
6 **to having the entire shortfall covered by ratepayers? Are there examples where the cost of**
7 **the shortfall has been shared by ratepayers and employees and/or pensioners?**

8

9 Response IR-20:

10

11 While NS Power has not surveyed or researched all pension plans in the utility industry, we are
12 not aware of any arrangement in the industry where the Plan sponsor is not responsible for
13 funding the shortfall in a single-employer defined benefit pension plan.

14

15 It is not possible under current pension law for pensioners to pay for shortfalls in the context of a
16 single employer defined benefit pension plan as is currently sponsored by NS Power. A different
17 plan structure/design would need to be adopted and approved by the pension regulator in order
18 for existing pensioners to "contribute" against the shortfall (that is, pensioners would have to
19 accept some form of reduction to their pension package in order to help reduce the shortfall).

NON-CONFIDENTIAL

1 **Request IR-21:**

2

3 **Reference: Exhibit N-2, Evidence, Page 79 of 159: NSPI states, “A single-minded focus on**
4 **operating cost savings could result in higher fuel costs to customers. It would be imprudent**
5 **to jeopardize generation efficiencies to achieve operating cost reductions.”**

6 **Please provide, by thermal generating station, the percentage of rated capacity required to**
7 **maintain prudent generation efficiency.**

8

9 Response IR-21:

10

11 This reference to generation efficiency is related to efforts to maintain unit heat rates through
12 accepted maintenance and operating practices. Units operating at higher heat rates will burn
13 more fuel per kilowatt-hour produced. Thermal units designed for base load operations achieve
14 their optimum heat rate at rated output. The instantaneous unit heat rate increases (degrades) as
15 unit load decreases, this is a common design characteristic of thermal generating units. The
16 efficiency efforts referenced in the cited evidence are related to preventing an overall shifting
17 upward of the unit heat rate curve (signifying an overall degradation in unit efficiency) rather
18 than a move along the curve related to unit loading. It is generally accepted that all thermal units
19 will move along their heat rate curve as units are dispatched at varying outputs to follow wind
20 generation. Please refer to Attachment 1 for an example of a typical heat rate curve.

Example Net Unit Heat Rate vs Generator Load Curve

