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1 **Request IR-1:**

2

3 **At DE-03 – DE-04, p.14, lines 9 – 11 it states: “We are pioneering the development of in-**  
4 **stream tidal energy with the goal of harnessing the phenomenal power of the Bay of Fundy**  
5 **tides.”**

6

7 **(a) Please provide an itemization of all amounts that are included in the 2012 revenue**  
8 **requirement in this case associated with research and development of harnessing the**  
9 **power of the Bay of Fundy tides. This should include, but not be limited to, all**  
10 **operating expenses, capital/plant, depreciation and/or amortization, and other costs**  
11 **included in the filing. Reference specifically where in the filing the amounts are**  
12 **incorporated.**

13

14 **(b) Please provide all amounts recorded by the Company in each year, 2009 through**  
15 **2011 year to date, associated with the goal of harnessing the power of the Bay of**  
16 **Fundy tides. Please separate the annual amounts between operating costs, capital**  
17 **costs, depreciation/amortization, and any other costs recorded.**

18

19 **Response IR-1:**

20

21 **(a) Please refer to the table below.**

22

	<b>2012</b> <b>(\$)</b>
CWIP	0
Plant in service	2,577,974
Depreciation expense	54,137
OM&G	300,000

23

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1 Investment in the Bay of Fundy tidal energy development also affects 2012 financing and  
2 tax-related expenses. NSPI does not track these expense items by individual investment.

3

4 (b) Please refer to the table below.

5

	<b>2009</b>	<b>2010</b>	<b>2011 YTD (May 31)</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
CWIP	4,932,400	(2,060,405)*	(175,704)
Plant in service	4,573,089	2,512,684	2,336,980
Depreciation expense	12,314	58,708	19,404
OM&G	0	155,000	0

6 \*Includes an investment tax credit

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1 **Request IR-2:**

2

3 **With respect to the Work Management System identified at DE-03 – DE-04, page 54, line**  
4 **11:**

5

6 **(a) Please provide a copy of any cost benefit analysis conducted by or for the Company**  
7 **associated with the Work Management System that was added since rates were last**  
8 **set.**

9

10 **(b) Please identify when the Work Management System was placed into Plant in Service**  
11 **on the Company's books (month and year).**

12

13 **(c) Please identify all projected annual costs savings to be realized as a result of the**  
14 **implementation of the Work Management System and indicate whether or not the**  
15 **savings are included in the 2012 forecast in this case. If included, please identify the**  
16 **amount of savings included and indicate where they are reflected in the filing. If not**  
17 **included, explain, in detail, why not.**

18

19 Response IR-2:

20

21 (a) Please refer to Attachment 1 for the cost benefit analysis for the work management  
22 solution. This document was filed in support of NSPI's Capital Work Order Application,  
23 CI# 28413, which was approved by the UARB on February 27, 2009.

24

25 (b) July, 2010.

26

27 (c) The projected savings to be realized as a result of the implementation of the work  
28 management system is \$424,360 in 2012. These savings are included in the 2012

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1 forecast. These savings are found in Regional Operations labour and are as a result of  
2 increased efficiency in the planning and dispatch of Power Line Technician (PLT) work.

WMS Replacement Project  
IBM

Year	Total Revenue	Operating Costs	Capital	CCA	UCC	CFBT	Applicable Taxes	CFAT	Discount Factor	PV of CF	CNPV
2008	-	-	-	-	-	-	-	-	1	-	-
2009	-	(442,522)	(16,887,575)	4,644,083	12,243,492	(17,330,097)	1,766,385	(15,563,712)	1	(14,630,712)	(14,630,712)
2010	400,000	(449,160)	-	6,733,920	5,509,571	(49,160)	2,301,702	2,252,542	1	1,990,570	(12,640,142)
2011	412,000	(455,897)	-	3,030,264	2,479,307	(43,897)	997,847	953,950	1	792,469	(11,847,672)
2012	424,360	(462,736)	(432,973)	1,482,686	1,429,594	(471,349)	471,283	(66)	1	(51)	(11,847,724)
2013	437,091	(469,677)	-	786,276	643,317	(32,586)	253,847	221,261	1	162,430	(11,685,294)
2014	450,204	(476,722)	-	353,824	289,493	(26,518)	117,906	91,388	1	63,067	(11,622,227)
2015	463,710	(483,873)	(459,474)	285,576	463,391	(479,637)	94,779	(384,858)	1	(249,670)	(11,871,897)
2016	477,621	(491,131)	-	254,865	208,526	(13,510)	83,196	69,686	1	42,498	(11,829,399)
2017	491,950	(498,498)	-	114,689	93,837	(6,548)	37,584	31,035	1	17,792	(11,811,607)
2018	506,708	(505,975)	(487,598)	185,700	395,735	(486,865)	57,340	(429,525)	1	(231,479)	(12,043,086)
2019	521,909	(513,565)	-	217,654	178,081	8,344	64,886	73,230	1	37,099	(12,005,986)
2020	-	-	-	97,944	80,136	-	30,363	30,363	0	14,460	(11,991,526)
2021	-	-	-	44,075	36,061	-	13,663	13,663	0	6,117	(11,985,409)
2022	-	-	-	19,834	16,228	-	6,148	6,148	0	2,588	(11,982,822)
2023	-	-	-	8,925	7,302	-	2,767	2,767	0	1,095	(11,981,727)
2024	-	-	-	4,016	3,286	-	1,245	1,245	0	463	(11,981,264)
2025	-	-	-	1,807	1,479	-	560	560	0	196	(11,981,068)
2026	-	-	-	813	665	-	252	252	0	83	(11,980,985)
2027	-	-	-	366	299	-	113	113	0	35	(11,980,950)
2028	-	-	-	165	135	-	51	51	0	15	(11,980,936)
2029	-	-	-	74	61	-	23	23	0	6	(11,980,929)
2030	-	-	-	33	27	-	10	10	0	3	(11,980,927)
2031	-	-	-	15	12	-	5	5	0	1	(11,980,925)
2032	-	-	-	7	6	-	2	2	0	0	(11,980,925)
2033	-	-	-	3	2	-	1	1	0	0	(11,980,925)
2034	-	-	-	1	1	-	0	0	0	0	(11,980,925)
2035	-	-	-	1	1	-	0	0	0	0	(11,980,925)
2036	-	-	-	0	0	-	0	0	0	0	(11,980,925)
2037	-	-	-	0	0	-	0	0	0	0	(11,980,925)
2038	-	-	-	0	0	-	0	0	0	0	(11,980,925)
2039	-	-	-	0	0	-	0	0	0	0	(11,980,925)
2040	-	-	-	0	0	-	0	0	0	0	(11,980,925)
2041	-	-	-	0	0	-	0	0	0	0	(11,980,925)
2042	-	-	-	0	0	-	0	0	0	0	(11,980,925)
2043	-	-	-	0	0	-	0	0	0	0	(11,980,925)
2044	-	-	-	0	0	-	0	0	0	0	(11,980,925)
2045	-	-	-	0	0	-	0	0	0	0	(11,980,925)
2046	-	-	-	0	0	-	0	0	0	0	(11,980,925)
2047	-	-	-	0	0	-	0	0	0	0	(11,980,925)
2048	-	-	-	0	0	-	0	0	0	0	(11,980,925)
<b>Total</b>	<b>4,585,552</b>	<b>(5,249,755)</b>	<b>(18,267,620)</b>	<b>18,267,620</b>	<b>24,080,044</b>	<b>(18,931,823)</b>	<b>6,301,960</b>	<b>(12,629,863)</b>	<b>15</b>	<b>(11,980,925)</b>	<b>(481,300,934)</b>

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1 **Request IR-3:**

2  
3 **With respect to the Advanced Metering Infrastructure (“AMI”) Project identified at DE-03**  
4 **– DE-04, page 54, line 22:**

5  
6 **(a) Please provide a copy of any cost benefit analysis conducted by or for the Company**  
7 **associated with the AMI Project.**

8  
9 **(b) Please identify when the AMI System was or is projected to be placed into Plant in**  
10 **Service on the Company’s books (month and year).**

11  
12 **(c) Please identify all amounts included in the Company’s filing associated with the**  
13 **AMI project that is incorporated in the projected 2012 revenue requirement**  
14 **calculations. This should include, but not be limited to, plant in service, CWIP,**  
15 **depreciation, operating costs, etc. Please reference specifically where each of the**  
16 **amounts are located within the filing.**

17  
18 **(d) Please identify all projected annual costs savings to be realized as a result of the**  
19 **implementation of the AMI system in the most detailed format available. Include a**  
20 **detailed description and quantification of all associated cost savings. Also, please**  
21 **indicate whether or not the projected savings are incorporated in the 2012 revenue**  
22 **requirement in this case. If not, explain in detail why not. If yes, please specify the**  
23 **cost savings and identify where they are included.**

24  
25 **Response IR-3:**

26  
27 **(a) NSPI is continuing to evaluate this capital item and develop the detailed business case.**  
28 **These details will be provided to the UARB when NSPI applies for approval of this item.**

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1 (b) The AMI system is projected to be placed into Plant in Service on the Company's books  
2 in December 2013.

3

4 (c-d) There are no depreciation or operating costs, nor any projected savings incorporated in  
5 the 2012 revenue requirement because the project is not scheduled to be in-service in  
6 2012.

7

8 In 2012 there is \$12.6 million included in CWIP and \$12.8 million of net additions to  
9 Property Plant and Equipment relating to this project. The AFUDC amounts from the  
10 AMI project included in the 2012 test year is a recovery of \$532,782. This AFUDC  
11 amount offsets the cost of capital related to CWIP that is included in the 2012 revenue  
12 requirement.

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1 **Request IR-4:**

2

3 **With respect to the deferral to offset the required Section 21 amortization referenced at**  
4 **DE-03 – DE-04, page 56, lines 24 – 26, please explain and show, in detail, how the \$14.8**  
5 **million deferral NS Power will record in 2011 was determined.**

6

7 Response IR-4:

8

9 Please refer to CA IR-143.



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1 **Request IR-5:**

2

3 **With respect to DE-03 – DE-04, page 57, Figure 4.2:**

4

5 **(a) Please describe and show how the “2010 discretionary amortization per 2009 ROE**  
6 **settlement” amount of \$14.8 million was determined. Include all calculations and**  
7 **assumptions used in deriving this amount.**

8

9 **(b) Please describe and show how the “2010 discretionary amortization per 2009 ROE**  
10 **settlement” amount of (\$4.8) million was determined. Include all calculations and**  
11 **assumptions used in deriving this amount.**

12

13 **Response IR-5:**

14

15 **(a-b) Please refer to CA IR-143 and Page 56 of 161 of the Application.**

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1 **Request IR-6:**

2

3 **With respect to DE-03 – DE-04, page 58, lines 1 – 2, please explain and show, in detail, how**  
4 **the \$16.2 million of amortization related to Section 21 that is included in the 2012 revenue**  
5 **requirement was determined. Include all calculations and assumptions used in deriving this**  
6 **amount.**

7

8 Response IR-6:

9

10 Please refer to CA IR-144 Attachment 1 for detailed calculations. The amortization related to  
11 Section 21 included in the 2012 revenue requirement is in accordance with the eight-year  
12 levelized tax amortization approach approved by the UARB in the 2005 Rate Decision.

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1 **Request IR-7:**

2

3 **With reference to DE-03 – DE-04, page 69, lines 16 – 20.**

4

5 **(a) Please provide the percentage of labour costs that were capitalized on the**  
6 **Company's books for each year, 2006 through 2010 and for 2011 year to date.**

7

8 **(b) What percentage of 2012 labour costs is being charged to capital projects in the**  
9 **2012 forecast in the Company's filing?**

10

11 **(c) Please explain and show, in detail, how the amount of labour costs to be capitalized**  
12 **in 2012, as reflected in the Company's filing, was determined. Include all**  
13 **calculations, workpapers and assumptions used in deriving the amount.**

14

15 **Response IR-7:**

16

17 **(a) Please refer to the table below.**

18

<b>Year</b>	<b>Capitalized Labour (%)</b>
2006	10
2007	13
2008	14
2009	14
2010	17
2011 (May YTD)	14

19

20 **(b) Capitalized labour for 2012 is forecasted to be 12 percent.**

21

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- 1 (c) The amount of labour to be capitalized in the 2012 filing is determined based on specific  
2 projects requirements along with the work plans for the overall capital program.

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1 **Request IR-8:**

2  
3 **With regards to the benefits offered to employees, please respond to the following**  
4 **questions:**

5  
6 **(a) Provide a detailed description of any changes in the benefits offered to employees**  
7 **that have been implemented since the last rate case and identify specifically when**  
8 **those changes were implemented (month and year).**

9  
10 **(b) Has the annualized impact of any changes in benefits been reflected in the**  
11 **forecasted 2012 period contained in the Company's filing? If not, explain in detail**  
12 **why not and provide the estimated impact on the 2012 operating expenses resulting**  
13 **from annualizing the impact of the change.**

14  
15 **(c) Does the Company anticipate implementing any additional changes in employee**  
16 **benefits between the current period and the end of the 2012? If yes, provide a**  
17 **detailed description of the changes and provide the estimated cost impact resulting**  
18 **from the changes. Also identify when it is anticipated the changes will be**  
19 **implemented.**

20  
21 **(d) If yes to (c) above, please indicate whether or not the impact on operating costs**  
22 **resulting from the anticipated changes has been reflected in the 2012 forecast**  
23 **period. If no, please explain why not and provide the projected impact on 2012**  
24 **forecast costs.**

25  
26 **Response IR-8:**

27  
28 **(a) There have been no changes to benefit program design since the last rate case. NSPI**  
29 **changed insurance carriers in 2010 from Manulife Financial to Medavie Blue Cross.**

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1  
2 (b-d) NSPI does anticipate any changes to benefit program design to the end of 2012, and  
3 therefore no cost changes relating to benefit design have been reflected in the 2012  
4 forecast.

**REDACTED**

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1 **Request IR-9:**

2  
3 **With reference to the restructuring and expansion of the Technical and Construction**  
4 **Services Group referenced at DE-03 – DE-04, page 72, lines 16 – 19, please provide the**  
5 **following information:**

6  
7 **(a) Please provide the total costs incurred associated with the restructuring and**  
8 **expansion of the Technical and Construction Services group, by year, for 2010 and**  
9 **2011 year to date and identify where the costs were recorded on the Company’s**  
10 **books. Identify which of the costs are one-time costs and which are recurring in**  
11 **nature.**

12  
13 **(b) Please confirm that any one-time cost associated with the restructuring and**  
14 **expansion has been excluded from the 2012 revenue requirements in this case. If**  
15 **not, then please identify any amounts included in the 2012 forecast revenue**  
16 **requirement and explain, in detail, why they were not removed or excluded.**

17  
18 **Response IR-9:**

19  
20 **(a) There are no restructuring costs. Labour and non-labour costs associated with NS**  
21 **Power’s growth in the capital program focusing on reliability, renewable development,**  
22 **and succession planning are as follows:**

23

<b>Cost Category</b>	<b>2010</b>	<b>2011 (to May 31)</b>
	<b>(\$)</b>	<b>(\$)</b>
Labour	489,000	
Non-Labour	458,000	

24 \* All costs are recurring in nature.

25  
26 **(b) Confirmed.**

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1 **Request IR-10:**

2

3 **With reference to Figure 5.11 at DE-03 – DE-04, page 81, please separate each of the**  
4 **amounts presented between internal labour costs, external labour cost, and non-labour**  
5 **expenses. If internal labour costs are included, please explain why they are included since**  
6 **labour costs are accounted for elsewhere in the Company’s filing.**

7

8 Response IR-10:

9

10 Please refer to Liberty IR-57, Attachment 1 for a breakdown of storm costs between labour,  
11 contractors and other non-labour costs. Please note that the rates charged by contractor for storm  
12 response include costs for labour, overhead, vehicle ownership and maintenance, training, and  
13 profit margin. These rates are all-inclusive and NSPI is therefore not able to determine the  
14 portion of those costs that relates specifically to external labour.

15

16 NSPI employs a methodology whereby employee work hours are tracked and charged directly to  
17 specific activities and accounts, including storm accounts during storm response. This process  
18 ensures that internal labour costs are accurately accounted for according to specific activity, and  
19 that amounts tracked or forecast in one area are not duplicated in another. These processes and  
20 controls ensure that the storm labour amounts listed in the 2012 rate application have not been  
21 accounted for elsewhere in NSPI’s filing.

22

23 Please also refer to NPB IR-153(c).



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1 **Request IR-11:**

2

3 **With reference to DE-03 – DE-04, page 89, lines 16 – 20, please show, in detail, how the**  
4 **projected revenue requirement reduction of \$2.8 million in OM&G costs related to the**  
5 **relocation to the Lower Water Street facility was determined. Include all assumptions,**  
6 **workpapers and calculations used in determining the amount.**

7

8 **Response IR-11:**

9

10 Please refer to Liberty IR-68 and CA IR-127.