

REDACTED

1 **Request IR-87:**

2

3 **With respect to GRA Exhibit No. OE-01A Attachment 1, page 6, the corresponding table in**
4 **the Company's 2011 FAM Base Cost of Fuel filing had values for "Fuel" under "Cost of**
5 **Sales" for the months of April through November of 2011. The same table in the GRA**
6 **filing has all zeros on that line. Please explain.**

7

8 Response IR-87:

9

10 The forecasted amount included in the 2011 FAM Base Cost of Fuel is the portion of the
11 Canadian gas toll on [REDACTED] purchases allocated to [REDACTED] gas resold. This line is zero for the 2012
12 GRA as there is no forecasted [REDACTED] gas resold.

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1 **Request IR-88:**

2

3 **With respect to GRA Exhibit No. OE-01A Attachment 1, page 3, the corresponding table**
4 **in the Company's 2011 FAM Base Cost of Fuel filing had all zeros for "MTM on HFO and**
5 **Natural Gas" under "Other Costs". The same table in the GRA filing has non-zero values**
6 **on that line for all months. Please explain.**

7

8 Response IR-88:

9

10 Prior to the change in Accounting Policy 6960, Accounting for Financial Instruments and
11 Hedges effective January 1, 2011, these amounts were not forecast as NSPI could not anticipate
12 where the market would be at a future point in time. NSPI enters into hedges with an
13 expectation of effectiveness.

14

15 As at December 31, 2010, the transitional provisions associated with the change in the policy
16 were known and will not change. Therefore, NSPI is able to forecast these amounts.

NON-CONFIDENTIAL

1 **Request IR-89:**

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3 **With respect to GRA Exhibit No. OE-01A Attachment 1, pages 23 and 25, please explain**
4 **why the hedged and unhedged gas prices for the steam units (page 23) are different from**
5 **the hedged and unhedged gas prices for the LM6000s (page 25).**

6

7 Response IR-89:

8

9 Please refer to Liberty IR-15.

REDACTED

1 **Request IR-90:**

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3 **With respect to GRA Exhibit No. OE-01A Attachment 1, pages 23 and 25, the unhedged**
4 **gas price, presumably delivered to [REDACTED]**
5 **[REDACTED] price given in GRA Exhibit No. OE-01A Attachment 2, page 1, in some months –**
6 **April through October in the case of [REDACTED] (page 25). Please explain.**

7

8 **Response IR-90:**

9

10 The forward price curve supplied in OE-01A, Attachment 2 is a component of gas pricing but
11 does not represent NSPI's contract pricing. OE-01A, Attachment 1 includes the complete
12 contract price for each contract. When the basis price falls below the contract netbacks, NSPI
13 price will be less than Henry Hub.

14

15 The two cannot be directly compared as OE-01A, Attachment 1 is CAD and OE-01A,
16 Attachment 2 is USD.

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1 **Request IR-91:**

2
3 **With respect to GRA Exhibit No. OE-01B Attachment 1, page 3, the physical units**
4 **information is similar to Exhibit OE-01A, Attachment 1, page 3 from the Base Cost of Fuel**
5 **filing for 2011, but the fuel cost and unit fuel cost information is a little different. The**
6 **“Adjustments” number under “Other Costs” is different. Please explain the differences.**

7
8 Response IR-91:

9
10 GRA Exhibit No. OE-01B Attachment 1 is consistent with the BCF Compliance Filing (\$537.8
11 million). Exhibit OE-01A, Attachment 1 was filed with NSPI’s BCF Evidence prior to the
12 Board’s approval (\$544.7 million). The change in the “Adjustments” reflects items not included
13 in base cost of fuel consistent with the Board’s Decision, NSUARB-P-887(2)¹.

¹ NSPI 2011 FAM BCF, UARB Decision, NSUARB-P-887(2), November 18, 2010

NON-CONFIDENTIAL

1 **Request IR-92:**

2

3 **With respect to GRA Exhibit No. OE-01B Attachment 1, page 6, the physical unit**
4 **information is the same as Exhibit OE-01A, Attachment 1, page 6 from the Base Cost of**
5 **Fuel filing for 2011, but the revenue and cost information is a little different. Please**
6 **explain the differences.**

7

8 Response IR-92:

9

10 Please refer to Liberty IR-91.

NON-CONFIDENTIAL

1 **Request IR-93:**

2

3 **With respect to GRA Exhibit No. OE-01B Attachment 1, page 7, the physical unit**
4 **information is the same as Exhibit OE-01A, Attachment 1, page 7 from the Base Cost of**
5 **Fuel filing for 2011, but the revenue and cost information is a little different. Please**
6 **explain the differences.**

7

8 Response IR-93:

9

10 Please refer to Liberty IR-91.

REDACTED

1 **Request IR-94:**

2

3 **With respect to the input data table from Binder GE0022 (2012 General Rate Application**
4 **Fuel Forecast – Source Information), the Purchase Premium for power imports for both**
5 **on-peak and off-peak power is given as [REDACTED]. Please explain the source of this number.**

6

7 Response IR-94:

8

9 The Purchase Premium includes the NEPOOL trans-out tariff fee (\$7.41 USD), the tariff
10 Ancillary Schedule 1-3 fee (\$1.50 USD) and [REDACTED] day-ahead fee (\$ [REDACTED] USD).

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1 **Request IR-95:**

2

3 **With respect to Exhibit No. 2012 GRA OE-01A, Attachment 1, page 2, please explain:**

4

5 (a) **whether on-peak and off-peak import power purchases are forecast,**

6

7 (b) **why or why not, and**

8

9 (c) **if the quantities are forecast separately, how they are forecast.**

10

11 **Response IR-95:**

12

13 (a) No, they are not forecast separately.

14

15 (b) This would not be FAM POA compliant.

16

17 (c) Quantities are forecast according to the POA, Appendix B, page 15, Import Power.

CONFIDENTIAL (Attachment Only)

1 **Request IR-96:**

2

3 **For each of the months of calendar years 2009 and 2010, please:**

4

5 (a) **provide the Company's best estimates of power imports purchased on hourly, daily,**
6 **and monthly bases, for delivery during peak and off-peak periods, and**

7

8 (b) **for each month, please present the data as follows:**

9

Purchase Basis	Peak-Period Purchases (MWh)	Off-Peak Purchases (MWh)
Hourly		
Daily		
Monthly		

10

11 **Response IR-96:**

12

13 (a-b) Please refer to Confidential Attachment 1, filed electronically.

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1 **Request IR-97:**

2

3 **Using the same format as in the previous question, please report prices paid for power**
4 **imports for peak and off-peak period, purchased on hourly, daily and monthly bases, for**
5 **each of the months of calendar years 2009 and 2010.**

6

7 Response IR-97:

8

9 Please refer to Liberty IR-96, Attachment 1.

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1 **Request IR-98:**

2

3 **Please provide the 30-day averages of quotes taken from the Intercontinental Exchange**
4 **(ICE) during the month of December of the two years earlier for forward prices for**
5 **NEPOOL on-peak and off-peak prices for each of the months of 2009 and 2010; i.e., the**
6 **prices for each of the months of 2009 would be estimated from the averages of the forward**
7 **prices during December of 2007, and the prices for each of the months of 2010 would be**
8 **estimated from the averages of the forward prices during December of 2008. (N.B.: This**
9 **question attempts to replicate the tables given for forward prices for power imports in 2012**
10 **in the Company's input data tables in Binder GE0022 (2012 General Rate Application Fuel**
11 **Forecast – Source Information), but using December 2007 quotes for the months of 2009,**
12 **and December 2008 prices for the months of 2010.)**

13

14 **Response IR-98:**

15

16 **Please refer to the confidential Data Room Binder GE0014, available for viewing at NS Power**
17 **offices.**

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1 **Request IR-99:**

2

3 **With respect to Exhibit No. 2012 GRA OE-01A, Attachment 1, page 2, please:**

4

5 **(a) describe any studies the Company has done to estimate the proportion of its power**
6 **imports that are on-peak versus off-peak, and**

7

8 **(b) describe the results of all such studies.**

9

10 **Response IR-99:**

11

12 (a-b) Although no study was done, historical data as provided in Liberty IR-96, Attachment 1
13 reflects the past two years. In 2009 ■■■ percent of power imports were on-peak. In 2010,
14 ■■■ percent of power imports were on-peak.

REDACTED

1 **Request IR-100:**

2

3 **With respect to the input data tables from Binder GE0022 (2012 General Rate Application**
4 **Fuel Forecast – Source Information), please provide the source for the Company’s estimate**
5 **of Pipeline tolerance and imbalance charges.**

6

7 Response IR-100:

8

9 An average of the previous four years pipeline tolerance and imbalance charges were used to
10 estimate the 2012 General Rate Application Fuel Forecast. The average includes data from
11 2007 to 2010 inclusive.

12

Total Pipeline Fees

in dollars

	2007	2008	2009	2010
January				
February				
March				
April				
May				
June				
July				
August				
September				
October				
November				
December				
Total				
Average				

13

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1 **Request IR-101:**

2

3 **With respect to GRA Exhibit No. OE-01A Attachment 1, page 2, please describe how the**
4 **Company estimates the amount of HFO that will be consumed at each of the solid fuel**
5 **generating plants.**

6

7 Response IR-101:

8

9 HFO, an auxiliary fuel in 2012, is forecast based on the FAM POA, Appendix B, page 15,
10 Auxiliary Fuel.

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1 **Request IR-102:**

2

3 **With respect to GRA Exhibit Nos. DE-03 and 04, p. 28, please describe**

4

5 **(a) the basis for the Company's expectation that "Production from the Sable Offshore**
6 **Energy Project (SOEP) continues to decline,"**

7

8 **(b) the Company's expectations for production in 2012 and beyond, and**

9

10 **(c) the bases for those expectations.**

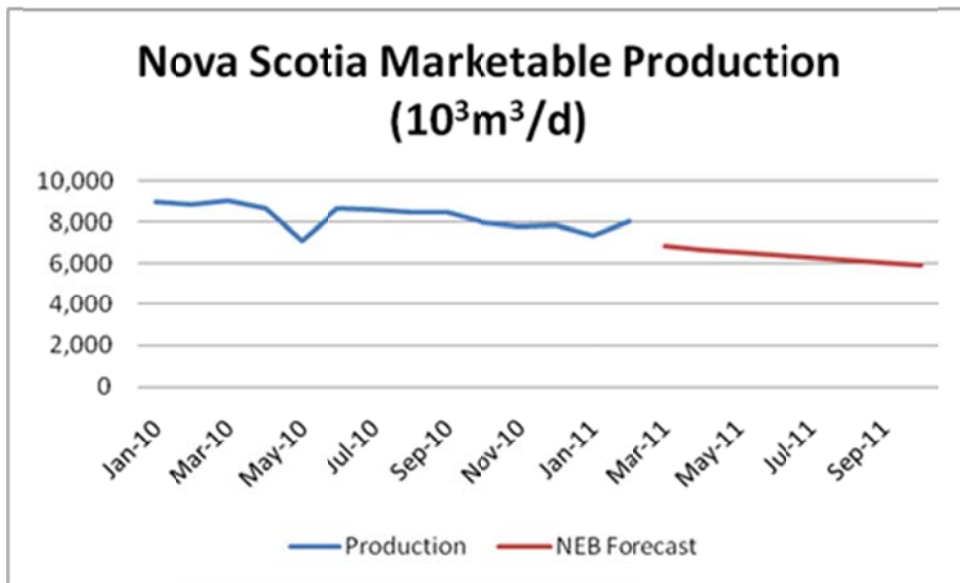
11

12 Response IR-102:

13

14 (a) Please refer to the National Energy Board (NEB) reports in Attachment 1 and Attachment
15 2. Below is a graphical representation of the NEB production information contained in
16 these attachments.

17



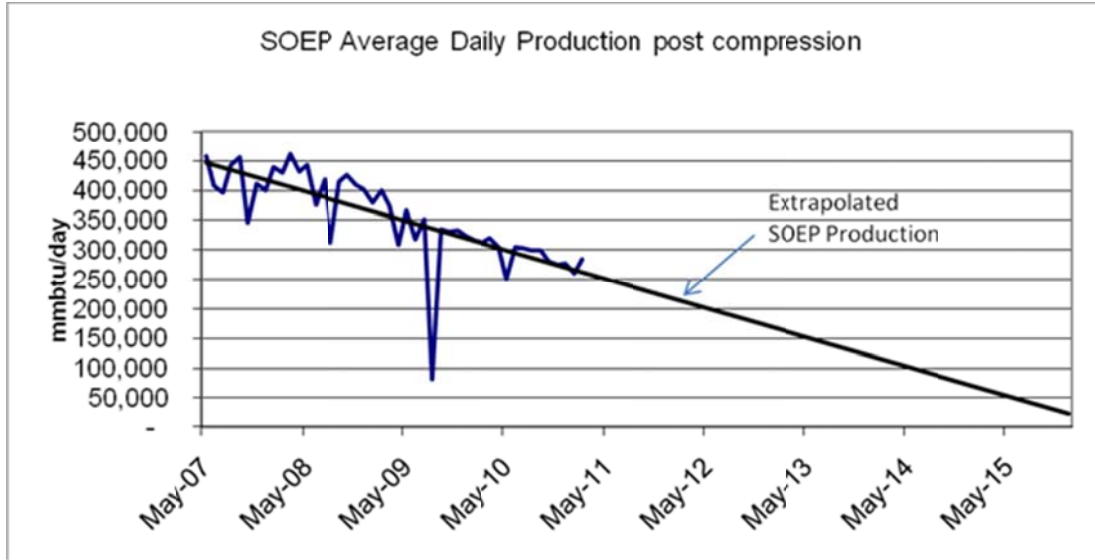
18

19

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1 (b) Please find an extrapolation of historic SOEP production data below. The SOEP's actual
2 forecast production expectations are kept confidential by the producers.

3



4

5

6 (c) The bases for these expectations is the past production profile.

7



National Energy Board
Office national de l'énergie

Marketable Natural Gas Production in Canada Production de gaz naturel commercialisable au Canada

Marketable Production (10 ³ m ³ /d) / Production de gaz commercialisable (10 ³ m ³ /j)							
2010	Nova Scotia Nouvelle-Écosse	New Brunswick Nouveau-Brunswick	Ontario	Saskatchewan	Alberta	British Columbia Colombie-Britannique	Canada Total Total au Canada
January / Janvier	8,966	594	477	14,886	309,261	76,837	411,657
February / Février	8,637	508	529	14,701	313,832	79,104	418,124
March / Mars	9,051	576	477	14,811	318,162	78,673	422,341
April / Avril	8,660	535	493	14,529	320,746	81,968	427,547
May / Mai	7,085	514	477	14,148	315,807	81,308	419,930
June / Juin	8,650	512	493	14,154	303,735	76,958	405,053
July / Juillet	8,597	478	477	14,064	309,163	76,591	409,750
August / Août	8,457	463	477	14,320	309,246	84,454	417,927
September / Septembre	8,467	330	493	14,187	298,443	84,699	407,161
October / Octobre	7,967	424	477	14,186	293,831	86,635	410,081
November / Novembre	7,798	438	493	13,186	293,372	82,962	398,826
December / Décembre	7,832	424	477	13,739	295,145	92,682	411,867

Source: Public information from reporting agencies and the NEB

Figures in blue print are NEB projected estimates of production from the March 31, 2010 report: "Short-term Canadian Natural Gas Deliverability 2010 - 2012".

NWT = North West Territories

Notes: (1) Marketable production for the NWT and Yukon are calculated using NEB shrinkage estimates and raw production data publicly available at

http://www.stats.gov.nt.ca/Statinfo/industry/non_renew/production.otp for the NWT and

<http://www.emr.gov.yk.ca/oilandgas/exploration.html#rig> for the Yukon.

(2) British Columbia marketable production is derived from raw gas produced in British Columbia, and does not include raw gas from the NWT or Yukon.

Canada Total is sum of actual and projected values in the table by month

Source : Renseignements du domaine public provenant des organismes faisant rapport et de l'ONE

Les données en bleu représentent les prévisions estimatives de l'ONE à l'égard de la production et sont extraites de son rapport du 31 mar. 2010 intitulé "Productibilité à court terme de gaz naturel au Canada 2010-2012"

T.N.-O. = Territoires du Nord-Ouest

Notes : (1) La production de gaz commercialisable des T.N.-O. et du Yukon est calculée à partir des estimations de contraction faites par l'ONÉ et des données de production brute consultables ici :

http://www.stats.gov.nt.ca/Statinfo/industry/non_renew/production.otp pour les T.N.-O. et

<http://www.emr.gov.yk.ca/oilandgas/exploration.html#rig> pour le Yukon.

(2) La production de gaz commercialisable de la Colombie-Britannique est dérivée du gaz brut produit en Colombie-Britannique et ne comprend pas celui qui provient des T.N.-O. ou du Yukon.

Les chiffres dans la colonne Total au Canada constituent le cumul des données réelles et des prévisions estimatives pour chaque mois.



National Energy Board
Office national de l'énergie

Marketable Natural Gas Production in Canada Production de gaz naturel commercialisable au Canada

Marketable Production ($10^3 \text{ m}^3/\text{d}$) / Production de gaz commercialisable ($10^3 \text{ m}^3/\text{j}$)							
2011	Nova Scotia Nouvelle-Écosse	New Brunswick Nouveau-Brunswick	Ontario	Saskatchewan	Alberta	British Columbia Colombie-Britannique	Canada Total Total au Canada
January / Janvier	7,360	491	462	13,259	292,699	90,624	405,403
February / Février	8,045	482	460	13,417	294,464	89,660	407,031
March / Mars	6,828	474	458	13,248	271,838	93,814	387,159
April / Avril	6,691	465	457	13,065	269,225	98,799	389,197
May / Mai	6,558	457	455	12,890	265,186	100,162	386,196
June / Juin	6,427	448	453	12,728	261,265	99,515	381,319
July / Juillet	6,298	440	451	12,590	258,084	99,062	377,404
August / Août	6,172	432	449	12,473	255,467	99,157	374,623
September / Septembre	6,049	423	448	12,375	253,334	99,360	372,457
October / Octobre	5,928	415	446	12,319	251,508	99,953	371,032
November / Novembre	7,048	406	444	12,272	250,000	100,738	371,367
December / Décembre	8,170	398	442	12,177	248,665	101,959	372,266

Source: Public information from reporting agencies and the NEB

Figures in blue print are NEB projected estimates of production from the May 12, 2011 report: "Short-term Canadian Natural Gas Deliverability 2011 - 2013".

NWT = North West Territories

Notes: (1) Marketable production for the NWT and Yukon are calculated using NEB shrinkage estimates and raw production data publicly available at http://www.stats.gov.nt.ca/Statinfo/industry/non_renew/production.otp for the NWT and

<http://www.emr.gov.yk.ca/oilandgas/exploration.html#rig> for the Yukon.

(2) British Columbia marketable production is derived from raw gas produced in British Columbia, and does not include raw gas from the NWT or Yukon.

Canada Total is sum of actual and projected values in the table by month

Source : Renseignements du domaine public provenant des organismes faisant rapport et de l'ONÉ

Les données en bleu représentent les prévisions estimatives de l'ONÉ à l'égard de la production et sont extraites de son rapport du 12 Mai 2011 intitulé "Productibilité à court terme de gaz naturel au Canada 2011-2013"

T.N.-O. = Territoires du Nord-Ouest

Notes : 1) La production de gaz commercialisable des T.N.-O. et du Yukon est calculée à partir des estimations de contraction faites par l'ONÉ et des données de production brute consultables ici : http://www.stats.gov.nt.ca/Statinfo/industry/non_renew/production.otp pour les T.N.-O. et

<http://www.emr.gov.yk.ca/oilandgas/exploration.html#rig> pour le Yukon.

2) La production de gaz commercialisable de la Colombie-Britannique est dérivée du gaz brut produit en Colombie-Britannique et ne comprend pas celui qui provient des T.N.-O. ou du Yukon.

Les chiffres dans la colonne Total au Canada constituent le cumul des données réelles et des prévisions estimatives pour chaque mois.

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1 **Request IR-103:**

2

3 **With respect to GRA Exhibit Nos. DE-03 and 04, p. 28, please describe:**

4

5 **(a) the basis for the Company's expectation that production from the Deep Panuke will**
6 **begin in November 2011, and**

7

8 **(b) what volumes of production the Company expects from that project.**

9

10 Response IR-103:

11

12 (a) Please refer to Confidential Data Room Binder GE0014 which is available for viewing at
13 NS Power Offices. This is consistent with other reports in the press, EnCana's speaking
14 engagements, discussion with Repsol and the NEB report contained in Liberty IR-102
15 Attachment 2 that shows an increase in Nova Scotia production in November 2011.

16

17 (b) As outlined in the Confidential Data Room Binder GE0014, production is estimated to be
18 between 200 mcf and 300 mcf per day.

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1 **Request IR-104:**

2
3 **Referring to NSPI's response to Liberty IR-23 which indicates that NSPI forecasts for 2011**
4 **and 2012 are based on division not employee, please provide:**

5
6 **(a) a narrative discussion as to how the forecast labour claims were developed for each**
7 **division for the 2011 and 2012 forecast years,**

8
9 **(b) all workpapers and assumptions which support the respective 2011 and 2012 labour**
10 **claims for each division, and**

11
12 **(c) supporting pro forma adjustments, if any.**

13
14 **Response IR-104:**

15
16 (a) When the 2011 forecasted labour costs were prepared, the most current estimate of 2010
17 labour costs by division was used as a starting point. Adjustments for projected additions
18 and reductions in positions and salary adjustments for union and non-union wages were
19 then applied. Separate estimates were applied for estimated overtime labour costs and
20 temporary term labour costs based on proposed work plans and evaluation of prior
21 periods. This 2011 forecast was used as the base for purposes of determining the 2012
22 test year forecast. Each division made adjustments for projected additions and reductions
23 in positions and salary adjustments for union and non-union wages of [REDACTED]. Separate
24 consideration was made for estimated overtime and temporary term labour costs based on
25 the 2012 proposed work plan changes and evaluation of prior periods.

26
27 (b-c) Please refer to Confidential Attachment 1, filed electronically.

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1 **Request IR-105:**

2

3 **The response to Liberty IR 23 states that,**

4

5 **Employee counts by position for year-end 2011 and projected for year-end**
6 **2012 are not available as NSPI forecasts based on division not employee.**

7

8 **Please provide the year end 2011 and 2012 counts by division to the extent not provided in**
9 **response to the previous request.**

10

11 Response IR-105:

12

13 The Company develops its forecasts by division based on total labour dollars as described in
14 Liberty IR-104. Each division forecast is prepared assuming a prior period base labour cost with
15 adjustments for position additions and reductions, term labour utilization, overtime influences
16 and wage escalations for union and non-union positions. Please refer to Liberty IR-110.

NON-CONFIDENTIAL

1 **Request IR-106:**

2

3 **With respect to the agreement(s) with the affiliate for power line technicians and other**
4 **services performed in the field or to directly support such work, for each position category**
5 **provided in the response to Liberty IR23, please:**

6

7 **(a) identify NSPI position categories who perform similar work (similar being defined**
8 **by broad categories, not by work details such as geographic region or voltage, for**
9 **example),**

10

11 **(b) describe the work performed that is similar, and**

12

13 **(c) provide your best estimate of the percentage time NSPI persons in each position**
14 **group involved spend in conducting similar activities.**

15

16 **Response IR-106:**

17

18 (a) The only ongoing service agreements that we have with the affiliate relates to powerline
19 technician work, and the management of pole-top transformer inventories for the disposal
20 of expired units and the provision of replacement or new units. The work that is
21 performed by affiliates of Nova Scotia Power that is similar in nature to positions within
22 Nova Scotia Power are:

23

- 24 • Powerline Technician (PLTs)
- 25 • Powerline Technician Apprentice (PLT Apprentices)
- 26 • Procurement

27

28 (b) The nature of the work that is performed by affiliate PLTs and PLT Apprentices is
29 specific trade-person work relating to the construction and maintenance of the NSPI

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1 transmission and distribution (T&D) network. While the T&D work performed by the
2 affiliate is, in many respects, the same as that performed by Nova Scotia Power
3 employees, the affiliate provides additional specialized transmission construction and
4 maintenance services that are not typically done by NSPI.

5
6 The affiliate also provides services relating to the inventory management function for the
7 disposal of pole-top transformers that have reached the end of their service life, and the
8 procurement of new transformers. This work relates to NSPI Procurement employees.

- 9
10 (c) Nova Scotia Power PLTs and PLT Apprentices typically spend all of their working hours
11 performing the described tasks. There are no NSPI employees that currently dispose of,
12 or procure pole-top transformers.

CONFIDENTIAL (Attachment Only)

1 **Request IR-107:**

2

3 **Refer to NSPI's response to Liberty IR-25, which said response only provides wage rates**
4 **through March 31, 2012. Please provide:**

5

6 **(a) a narrative discussion as to how the forecast labour claims were developed for each**
7 **division to reflect, if any, an anticipated or estimated increase in collective**
8 **bargaining wage rates after March 31, 2012,**

9

10 **(b) the applicable rates or percentage of increase used, if any, effective for April 1, 2012**
11 **and any subsequent time period thereafter up to and including the forecast periods**
12 **ending December 31, 2016,**

13

14 **(c) all management directives, workpapers and/or assumptions which support the**
15 **anticipated or forecasted increase, if any, for each division.**

16

17 **Response IR-107:**

18

19 (a-b) NSPI enlisted the services of external consultant Milliken HR to provide a labour market
20 analysis. The analysis recommended an estimate for collective bargaining wage
21 increases. For the purposes of this Application, NSPI is using an escalation of union
22 labour rates per year, up to and including the forecast periods ending December 31, 2016.

23

24 (c) Please refer to Confidential Attachment 1.

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1 **Request IR-108:**

2

3 **Refer to NSPI's response to Liberty IR-26, which in-part asked for an explanation of the**
4 **loading basis with calculations to also be provided; the NSPI response provided neither.**

5 **Please provide:**

6

7 **(a) an explanation of the loading basis, and**

8

9 **(b) supporting calculations related to the information contained in Confidential**
10 **Attachment 1 as submitted in the initial response.**

11

12 Response IR-108:

13

14 (a) Loading refers to the employer paid portion of employee pension and benefits. Included
15 in this calculation are the employer paid contributions for health, dental, basic life
16 insurance, basic accident insurance, long term disability and employee matched portion
17 of pension. Also included in loading are the employer contributions to Canada Pension
18 Plan, Employment Insurance and Worker's Compensation.

19

20 (b) Liberty IR-26 Confidential Attachment 1 refers to Unloaded and Loaded salary costs.
21 Unloaded salary costs refer to the sum of actual earnings for each active employee on
22 specified dates excluding loaded costs (as defined in (a) above) overtime and incentive.
23 Loaded salary costs refer to sum of actual earnings for each active employee on specified
24 dates including loaded costs (as defined in (a) above) but excluding overtime and
25 incentive. Forecasted loaded salary costs for future years are based on annual
26 salary/wage rates plus the load factor as detailed in (a).

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1 **Request IR-109:**

2
3 **Refer to NSPI's response to Liberty IR-27, which state in part that, "Wage increases since**
4 **January 1, 2009: includes wage increases for both union and non-union groups." and to**
5 **Attachment 1, column Wage Increases & Labour. Please provide:**

6
7 **(a) the applicable rates or percentage of wage increase granted and/or forecasted which**
8 **produce the respective wage increase of \$5.6 million in Power Production, \$1.4**
9 **million in Customer Service, etc. from January 1, 2009 through December 31, 2012,**
10 **and**

11
12 **(b) to the extent, multiple increases have been granted or forecasted between January 1,**
13 **2009 through December 31, 2012 each respective change.**

14
15 **Response IR-109:**

16
17 **(a) The table below provides a breakdown of the wage/salary increase by percentage or**
18 **dollar for union and non-union positions for the period January 2009 to December 2012.**
19 **Wage increases for 2011 and 2012 are forecasts based on recommendations included in**
20 **Liberty IR-107 Attachment 1.**

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1

UNION WAGE RATES as outlined in IBEW Collective Agreement and Forecast		
Date	Wage Rate Increase	Job Classifications
26-Dec-08	3.5%	ALL
5-Mar-10	4.0%	ALL
1-Oct-10	\$1.00	Specific Job Classifications as identified in Collective Agreement (IR-24 Attachment 2)
4-Mar-11	4.0%	ALL
1-Jan-12	Forecasted [REDACTED]	ALL

2

3

Average NON-UNION SALARY INCREASES		
Date	Average Salary Increase	Job Classifications
15-Sep-09	2.73%	ALL
15-Sep-10	2.49%	ALL
15-Sep-11	Forecasted [REDACTED]	ALL
1-Jan-12	Forecasted [REDACTED]	ALL

4

5 (b) Multiple wage increases were granted to specific union Job Classifications in 2010 as
6 identified in the Collective Agreement (March and October).

CONFIDENTIAL (Attachment Only)

1 **Request IR-110:**

2
3 **Refer to NSPI's Partially Confidential 2012 GRA DE-03 –DE-04 Appendix C pages 1 to 49**
4 **schedules contained in the instant filing. With respect to the pro forma Labour increase/**
5 **(decrease) adjustments within each division, e.g., Executive Management \$(614) pgs 3 and**
6 **4, Corporate Secretary and General Counsel \$70 pgs 5 and 6, Corporate Finance \$1,265**
7 **pgs 7 and 8, and so on. Please provide:**

- 8
- 9 (a) **more detailed narrative discussion of each respective adjustment,**
 - 10
 - 11 (b) **each assumption used to develop the adjustments,**
 - 12
 - 13 (c) **all supporting workpapers, schedules, etc. used to develop the adjustments,**
 - 14
 - 15 (d) **all directives, contracts, and/or assumptions used to support changes in wages**
16 **and/or rates of wage increases,**
 - 17
 - 18 (e) **a list of each addition and/ reduction of staff and their associated values, and**
 - 19
 - 20 (f) **a detail breakdown on a union and non-union basis.**
- 21

22 **Response IR-110:**

- 23
- 24 (a) **NSPI has provided details for all variances over \$50,000 in Appendix C of the**
25 **Application in accordance with all previous General Rate Application filings.**
 - 26
 - 27 (b) **Please refer to Liberty IR-104(a).**
 - 28
 - 29 (c) **Please refer to Liberty IR-104 Attachment 1.**

2012 General Rate Application (NSUARB P-892)
NSPI Responses to Liberty Information Requests

CONFIDENTIAL (Attachment Only)

1

2 (d) Please refer to Liberty IR-107.

3

4 (e-f) Please refer to Confidential Attachment 1, filed electronically, which includes both
5 operating and capital positions.

CONFIDENTIAL (Attachment Only)

1 **Request IR-111:**

2
3 **Referring to NSPI's response to Liberty IR-29, please provide:**

4
5 **(a) a cross reference for each item contained in the table to the respective pro forma**
6 **adjustments reflected in NSPI's Partially Confidential 2012 GRA DE-03 –DE-04**
7 **Appendix C pages 1 to 49,**

8
9 **(b) the following as they relate to each pro forma adjustment:**

10
11 **(i) more detail narrative discussion of each respective adjustment to include**
12 **each assumption used to develop said adjustment**

13
14 **(ii) all supporting workpapers, schedules, etc. used to develop said adjustments,**

15
16 **(iii) all directives, contracts, and/or assumptions used for changes in fees and/or**
17 **rates**

18
19 **(iv) a list of list each addition and/ reduction in contracts with associated values,**
20 **and**

21
22 **(v) a detail breakdown of the above on an affiliated and non-affiliated contractor**
23 **basis.**

24
25 **Response IR-111:**

26
27 **(a) Please refer to Attachment 1, filed electronically.**
28

CONFIDENTIAL (Attachment Only)

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(b)

- (i) Vegetation management investment: Please refer to Liberty IR-059 and Liberty IR-060.
Union and Non-Union Labour: Please refer to Liberty IR-027 and Liberty IR-109
Succession planning: Please refer to Liberty IR-048
Pension: Please refer to Liberty IR-027 and Liberty IR-079 through Liberty IR-086 inclusive and Liberty IR-109.
Storm Response: Please refer to Liberty IR-058.
- (ii) Please refer to Confidential Attachment 2 filed electronically, Liberty IR-58 Attachment 1 and Liberty IR-104 Attachment 1.
- (iii) A 2.2 percent escalation on the 2011 forecast was assumed for all non-labour costs, including contracts but excluding fuel, which was assumed to be 5.5 percent based on specific fuel related escalation factors, and pension expense which was based on actuarial estimates.
- (iv) It was assumed that the existing goods and services provided through contracts would continue to be provided in the 2012 test case year and that no additions or reductions would be made to the existing service levels.
- (v) The test year case made no assumptions as to whether or not the services provided by affiliate contractors would continue to be provided by an affiliate or by a third party. At the time of the preparation of the evidence the UARB was reviewing NSPI's recent competitive solicitation for power line technician (PLT) services.

NON-CONFIDENTIAL

1 **Request IR-112:**

2

3 **Referring to NSPI's response to Liberty IR-37, please indicate what, if any, more recent**
4 **union contracts, reports, studies, etc. NSPI reviewed and relied upon as part of the**
5 **development of its pro forma union labour claim increases for 2011 through 2016 in the**
6 **instant filing. Additionally, please provide copies of the documents relied upon.**

7

8 Response IR-112:

9

10 Union labour increases for 2011 and 2012 are actual wage increases included in the IBEW
11 Collective Agreement. Please refer to Liberty IR-107 Attachment 1 for recommendations from
12 an independent compensation consultant for forecasted union increases.

NON-CONFIDENTIAL

1 **Request IR-113:**

2

3 **Referring to NSPI's response to Liberty IR-37, please indicate what, if any, more recent**
4 **reports, studies, etc. NSPI reviewed and relied upon as part of the development of its pro**
5 **forma nonunion labour claim increases for 2011 through 2016 in the instant filing.**
6 **Additionally, please provide copies of the documents relied upon.**

7

8 Response IR-113:

9

10

11 An independent compensation consultant prepared the non-union salary increase
12 recommendations in 2009 and 2010. This confidential information can be viewed at NSPI
13 offices (filed under Liberty IR-37). NSPI will continue to seek advice from an independent
14 compensation consultant in 2011 and 2012.

15

16 Please also refer to Liberty IR-107.

CONFIDENTIAL (Attachment Only)

1 **Request IR-114:**

2

3 **Referring to NSPI's response to Liberty IR-38, please provide a similar table that includes:**

4

5 **(a) the 2009C and 2012 test year, and**

6

7 **(b) with 2010 actual and 2011 forecast values.**

8

9 Response IR-114:

10

11 (a) Please refer to Liberty IR-38 Attachment 1.

12

13 (b) Please refer to Confidential Attachment 1, filed electronically.

NON-CONFIDENTIAL

1 **Request IR-115:**

2
3 **Referring to NSPI's Partially Confidential 2012 GRA DE-03 –DE-04 Appendix C page 2 of**
4 **49 contained in the instant filing (specifically, the line item Renewable Planning with a 2009**
5 **Compliance value of \$6,747), please:**

6
7 **(a) explain why no detail supporting schedules was provided for Renewable Planning,**
8 **which reflected Labour and general account by account information and pro forma**
9 **adjustments similar to the information for Head Office as contained on pages 25**
10 **and 26, respectively, and**

11
12 **(b) to the extent such information is available for Renewable Planning please provide it**
13 **in the same format to reflect the respective Labour, account by account, and pro**
14 **forma adjustment values.**

15
16 **Response IR-115:**

17
18 (a-b) NSPI has restructured some departments since the 2009 General Rate Application. This
19 is reflected in the 2012 Application Appendix C as 2009 Compliance Restated. The
20 Renewable Planning department does not exist in the 2009 Compliance Restated and
21 subsequent periods. A detailed supporting schedule is therefore not required.
22 Responsibilities were transferred to the Technical & Construction Group and the
23 Sustainability Group. Detailed supporting schedules for Sustainability can be found in
24 DE-03 – DE-04 Appendix C pages 23-24 of the Application. Detailed supporting
25 schedules for Technical and Construction can be found in DE-03 – DE-04 Appendix C
26 pages 20-22 of the Application. Detailed supporting schedules for the 2009 Compliance
27 value of \$6,747,000 for Renewable Planning can be found on Page 22 of
28 CONFIDENTIAL Appendix D from the 2009 Application. The department was titled
29 Generation & Environmental Planning.

NON-CONFIDENTIAL

1 **Request IR-116:**

2

3 **Referring to NSPI's response to Liberty IR-39, please:**

4

5 **(a) provide the date when each new position identified in response to IR-39(b) was**
6 **actually filled,**

7

8 **(b) include the applicable compensation level for each,**

9

10 **(c) indicate if the position was filled by someone in-house, i.e., an existing employee or a**
11 **new hire outside of NSPI, and**

12

13 **(d) to the extent any of the proposed positions are still vacant, provide an anticipated**
14 **date when the position will be filled.**

15

16 **Response IR-116:**

17

18 **(a, c, d) Please see below table:**

19

Position	Fill Date	Internal/External	Vacant
Senior Director, Capital Projects	07/05/10	Internal	No
Environmental Engineer	07/09/09	Internal	No
Environmental Engineer	12/29/09	External	No
Administrative Resource Support	07/27/09	External	No

20

21 **(b) Individual employee compensation information is confidential.**

NON-CONFIDENTIAL

1 **Request IR-117:**

2

3 **Referring to NSPI's response to Liberty IR-39, please describe and itemize what portion of**
4 **the \$392,000 in additional labour for technical and construction services would be**
5 **considered as an operating expenses and/or costs to be assigned to capital plant investment.**

6

7 Response IR-117:

8

9 100 percent of the indicated \$392,000 additional labour is considered as an operating expense.

NON-CONFIDENTIAL

1 **Request IR-118:**

2

3 **Referring to NSPI's response to Liberty IR-40, please:**

4

5 **(a) provide the date when each new position identified in response to IR-40(b) was**
6 **actually filled, include the respective compensation level,**

7

8 **(b) indicate if the position was filled by someone in-house, i.e., an existing employee or a**
9 **new hire outside of NSPI, and**

10

11 **(c) to the extent any of the proposed positions are still vacant please provide an**
12 **anticipated date when the position will be filled.**

13

14 **Response IR-118:**

15

16 **(a-c) Individual employee compensation information is confidential. Please see below table:**

17

Position	Fill Date	Internal/External	Vacant
Senior Director, Technical Services	12/01/10	External	No
Junior CADD Specialist	12/14/09	External	No
Chemical Asset Specialist	02/01/10	Internal	No
Engineering Technician	06/28/10	Internal	No
Engineer-in-Training	06/04/10	Internal	No
Engineer-in-Training	06/01/10	Internal	No
Engineer-in-Training	06/08/10	Internal	No
Engineer-in-Training	07/01/10	Internal	No
Engineer-in-Training	06/01/09	External	No
Engineer-in-Training	07/01/09	Internal	No

18

NON-CONFIDENTIAL

1 **Request IR-119:**

2

3 **Referring to NSPI's response to Liberty IR-40, please indicate what portion of the \$490,000**
4 **in additional succession planning labour for technical and construction services would be**
5 **considered as an operating expenses and/or costs to be assigned to capital plant**
6 **investment?**

7

8 Response IR-119:

9

10 100 percent of the \$490,000 is an operating expense.

NON-CONFIDENTIAL

1 **Request IR-120:**

2

3 **Referring to NSPI's response to Liberty IR-40 and the reference that approximately 30**
4 **specialized technical employees are eligible for retirement, please explain what portion, if**
5 **any, of the costs of these employees were removed from the 2012 future test year claim.**

6

7 Response IR-120:

8

9 Four technical and construction employees are anticipated to retire in 2012 and will be replaced
10 by staff currently in succession positions, resulting in a cost decrease in 2012 of \$293,000.
11 These amounts are reflected in the 2012 test year forecast.

NON-CONFIDENTIAL

1 **Request IR-121:**

2

3 **Please:**

4

5 **(a) indicate what, if any, considerations were given to the budgeting of employee**
6 **retirements and replacement employees, if any in 2012 through 2016, and**

7

8 **(b) provide relevant information on a year by year and division basis and its resultant**
9 **impact on the development of the overall revenue requirement claims for each**
10 **respective year.**

11

12 Response IR-121:

13

14 (a-b) The 2012 through 2016 OM&G forecasts assume ongoing succession and workforce
15 planning initiatives with employee retirements and replacement employee requirements
16 continuing. The development of the 2012 test year forecast included considerations for
17 the retirement of engineering specialists as detailed in Liberty IR-120. Succession
18 planning for retirements within the key operating groups, Power Production and
19 Customer Operations, has been ongoing for the past two years such that the 2010 and
20 2011 results and forecasts provide appropriate base lines for projecting 2012 and beyond.

NON-CONFIDENTIAL

1 **Request IR-122:**

2

3 **Please:**

4

5 **(a) indicate what, if any, consideration NSPI has given to offer early retirement**
6 **packages to its more senior employees in an effort to minimize labour costs, and**

7

8 **(b) to the extent such consideration was given; please provide all relevant information,**
9 **studies, and reports considered by management to also include the hiring of**
10 **replacement entry staff at lower wage/salary rates.**

11

12 **Response IR-122:**

13

14 (a-b) NSPI's management reviews the company's needs at all staffing levels required to run
15 the utility's operations through workforce planning and takes action as necessary to hire
16 or reduce staffing. NSPI has not offered an early retirement package as NSPI has a
17 workforce planning initiative which ensures proper succession planning to align with
18 anticipated retirements so that knowledge transfer occurs effectively. As of March 31,
19 2011, there are 182 employees eligible to retire by December 31, 2011.

20

21 NSPI currently has 169 employees in workforce planning roles including Power Engineer
22 Apprentices, Powerline Technician Apprentices and Engineers in Training, each of whom
23 are hired at a lower salary than a senior candidate.

24

25

NON-CONFIDENTIAL

1 **Request IR-123:**

2

3 **Referring to NSPI's response to Liberty IR-47 and the comment that NSPI participates in**
4 **annual salary surveys with a number of entities within the energy sector, please provide all**
5 **supporting documents, workpapers, studies, and surveys that NSPI has relied upon in**
6 **support of the forecasted or estimated wage and/salary increases for union and non-union**
7 **sector employees for 2011 through 2016.**

8

9 Response IR-123:

10

11 Please refer to Liberty IR-113.

NON-CONFIDENTIAL

1 **Request IR-124:**

2

3 **Referring to NSPI's response to Liberty IR-48 regarding succession planning costs, please**
4 **provide the following for each major operating area listed for succession planning which**
5 **make up the \$5 million dollar claim:**

6

7 **(a) detail list by job title and corresponding salary,**

8

9 **(b) whether each position is union or non-union,**

10

11 **(c) date when position was filled,**

12

13 **(d) whether position was filled by someone in-house or a new employee, and,**

14

15 **(e) if still vacant the anticipated date when position(s) will be filled,**

16

17 **(f) to the extent in-house employees can be considered for said positions please a**
18 **narrative discussion of the in-house bidding and transfer process,**

19

20 **(g) an estimated timeline for placing the employee in the new position, and**

21

22 **(h) the subsequent ongoing process and timeline of filling the position the employee**
23 **moved from or vacated.**

24

25 **Response IR-124:**

26

27 **(a-e) Please refer to Liberty IR-110 Attachment 1.**

28

NON-CONFIDENTIAL

1 (f) Vacant positions are identified by department leaders. The department leader completes
2 an internal approval travel document that must be approved by the appropriate
3 individuals depending on the vacant position level. Once the approval is given to fill the
4 position, the Human Resources team begins the recruitment process. A job posting is
5 drafted and then reviewed with the department leader. Once approved by the department
6 leader, the position is posted. All posted positions are distributed internally via an E-mail
7 notification, a hard copy is posted on bulletin boards in all locations and the position is
8 posted on NSPI's internal and external websites. Positions remain open to applications
9 for a specified period. All resumes and applications are received online via the websites.
10 Once the position closes, the Human Resources Representative (HR Rep) reviews all
11 applications and selects qualified candidates for interviews. The HR Rep coordinates
12 interviews with the department leader and the selected candidates. Interviews take place
13 and a hiring decision is made. The HR Rep extends the offer for the position to the
14 successful candidate.

15
16 For all union positions the process to staff a position is found in the Collective
17 Agreement article 7.16 Job Vacancy Postings. Once the posting closes the company will
18 consider qualifications, skills, ability and seniority. As per the Collective Agreement
19 article 7.6 Job Vacancies (1):

20
21 Selection of employees for filling job vacancies shall be based on the
22 following factors: qualifications, ability and past performance as an
23 employee. Where two or more applicants are considered by the Company
24 to be equally qualified after giving consideration to the above factors,
25 seniority shall be the governing factor.
26

27 (g-h) NSPI measures the recruitment process by calculating the Average Days to Fill a
28 Position. The Average Days to Fill a Position is measured as the time between the
29 approval to staff a position and hiring a candidate. In 2010, the Average Days to Fill a
30 Position was 42 days for union positions and 47 days for non-union positions.

CONFIDENTIAL (Attachment Only)

1 **Request IR-125:**

2

3 **Referring to NSPI's response to Liberty IR-48c-d pertaining to succession planning and the**
4 **anticipated retirement of employees over the next 5 year horizon, please provide the**
5 **following as it relates to said anticipated eligible retirement employees for each major**
6 **operating area:**

7

8 **(a) detail list by job title and corresponding salary of employees,**

9

10 **(b) whether the position is union or non-union, and**

11

12 **(c) date when position was vacated or is anticipated to be vacated.**

13

14 **Response IR-125:**

15

16 (a-c) Please refer to Confidential Attachment 1 filed electronically for a detailed list of
17 employees and corresponding total salaries who are eligible to retire in the next five
18 years. The list attached provides the year of eligibility. Eligibility for retirement is
19 determined according to the pension plan provisions. However, there is no requirement
20 to retire from the company once an employee is eligible. As such employees hold the
21 decision when they will retire. In consideration for backfilling employees the company
22 forecasts the number of employees eligible to retire and will make an estimate of
23 potential retirements in order to build succession plans.

NON-CONFIDENTIAL

1 **Request IR-126:**

2

3 **Referring to NSPI's response to Liberty IR-49 regarding Administrative Overhead (AO)**
4 **credits, please:**

5

6 **(a) provide a detail schedule reconciling the \$8.2 million increase in 2012 AO's**
7 **discussed at page 69 of NSPI's filing to that of the Attachment provided with IR-49**

8

9 **(b) which provides detail category summaries with a resultant \$27,432,997 total AO**
10 **value, and**

11

12 **(c) provide similar tables to that of the Attachments provided with IR-49(a)&(b), which**
13 **set forth the AO rates and values for 2009C, 2010 Actual, and 2011 and 2012**
14 **Forecast years, respectively.**

15

16 Response IR-126:

17

18 (a) The \$8.2 million is the difference between the 2012 forecasted AO (per DE-03 – DE-04
19 page 91) and the 2009 compliance AO (per DE-03 – DE-04 page 91) as indicated below:

20

$$21 \quad \$27,432,997 - 19,238,700 = \$8,194,297$$

22

23 (b-c) Please refer to Attachment 1 for 2009C, Attachment 2 for 2010 Actual and Attachment 3
24 for 2011 forecast, all of which are filed electronically. Please refer to Liberty IR-49
25 Attachment 1 for the 2012 forecast.

NON-CONFIDENTIAL

1 **Request IR-127:**

2

3 **Referring to NSPI's response to Liberty IR-50 regarding the Sustainability Group, please**
4 **provide a summary analysis of the historical and future test year amounts capitalized and**
5 **expensed for the following periods: 2009C, 2010 Actual, and 2011 and 2012 Forecast years,**
6 **respectively.**

7

8 Response IR-127:

9

10 Please refer to DE-03 – DE-04 Appendix C, page 23 of the Application for operating expenses.

11

12 Please refer to the table below for direct labour in the Sustainability Group that is attributed to
13 capital projects.

14

\$M	2009C	2010A	2011F	2012F
Capitalized Labour	\$ --	\$0.2	\$0.1	\$0.1

15

16 Non-labour expenses related to capital projects are charged directly to the capital work order.

NON-CONFIDENTIAL

1 **Request IR-128:**

2
3 **Referring to NSPI's response to Liberty IR-51, please:**

- 4
5 **(a) provide all memos, workpapers, studies, and/or other documents relied upon for the**
6 **labour and non-labor escalators referenced in said response, which were applied to**
7 **the 2011 forecasted costs for purposes of developing the 2012 operating costs,**
8
9 **(b) explain how the 2011 forecasted costs were developed and,**
10
11 **(c) to the extent labor and non-labor escalators were used in developing 2011 costs,**
12 **provide all memos, workpapers, studies, and/or other documents relied upon.**

13
14 **Response IR-128:**

- 15
16 (a) For labour escalators please refer to Liberty IR-107 Attachment 1. The forecasted real
17 GDP for Nova Scotia was used for non-labour escalators. Please refer to Attachment 1.
18
19 (b) Please refer to Liberty IR-104 for an explanation on the development of 2011 forecasted
20 labour costs. The 2011 forecast for non-labour costs were developed using a similar
21 approach. The most recent 2010 estimates were applied as a baseline with adjustments
22 including additions and deductions for variations in specific programs, activities, and
23 assessments of prior period trends. The cost escalations noted in part (a) were applied to
24 these amounts to develop the 2011 forecast for non-labour costs. The forecast for
25 corporate pension expense is a specific forecast for the period that is received from
26 NSPI's pension consultant. This approach to forecasting OM&G is consistent with the
27 practices applied in previous General Rate Applications including the most recent 2009
28 Application.
29

NON-CONFIDENTIAL

- 1 (c) Labour escalators were based on preliminary information received from external
2 consultant Milliken HR; please refer to Liberty IR-107 Attachment 1 for the completed
3 analysis and recommendation. Please refer to Liberty IR-81 Attachment 3 relating to
4 2011 pension expense.

Nice While it Lasted

Warren Lovely

It was nice while it lasted, but provincial economies are now in the process of downshifting from a better-than-expected 2010 to a more tepid growth pace for 2011. For job seekers, businesses and government budget makers, the implications will be significant.

2010 Exceeds Expectations...

Helping to erase memories of a disastrous 2009, when nine of the ten provinces suffered declines in real GDP, growth returned to all provincial economies this year. And after last year's wide divergence in growth—one of the most uneven performances in the past 20 years—growth in real GDP also looks to be more evenly balanced in 2010, with most provinces expected to be within half a percentage point of the 3% national average (Table 1).

Relative to the official growth rates provincial budgets were based on, 2010 has largely bettered expectations. Real GDP looks to beat the official budget forecast by the largest margin in British Columbia, the driving force behind a first quarter fiscal update that revealed faster-than-planned progress on deficit reduction. Ontario's 2010 economic performance has also been a pleasant surprise, with that province expected to better the national average growth rate for only the second time since the C\$ turned onto its appreciating track in earnest

Table 1

2011 Growth Won't Hit Budget Targets

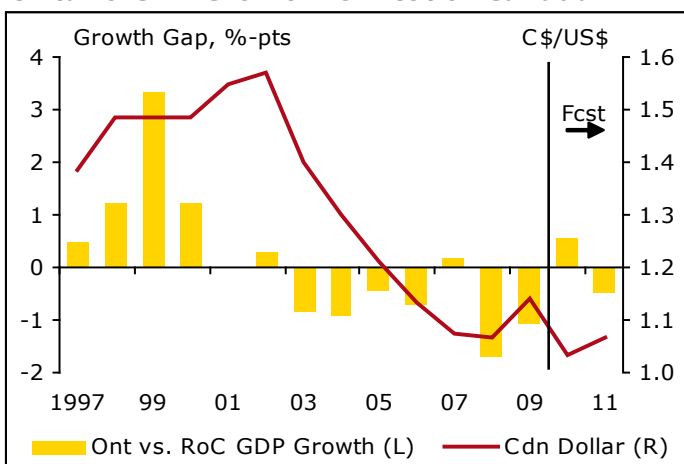
Y/Y % Chg	2010 Real GDP Growth			2011 Real GDP Growth		
	Budget	CIBC	Diff	Budget	CIBC	Diff
Provincial Forecasts						
BC	2.2	3.2	1.0	2.3	2.4	0.1
Alta	2.6	3.0	0.4	2.9	2.9	0.0
Sask	2.6	2.1	-0.5	3.3	3.2	-0.2
Man	2.5	2.7	0.2	3.0	2.1	-1.0
Ont	2.7	3.4	0.7	3.2	1.7	-1.6
Qué	2.3	2.8	0.5	2.6	1.6	-1.1
NB	1.7	2.3	0.6	NA	1.5	NA
NS	1.9	2.1	0.2	1.2	1.4	0.2
PEI	1.9	2.0	0.1	NA	1.6	NA
N&L	4.0	4.1	0.1	3.1	3.0	-0.2
Canada Forecasts						
Provincial ¹	2.5	3.0	0.5	2.8	1.9	-0.9
Federal	2.6	3.0	0.4	3.2	1.9	-1.3

1. Weighted average of individual provincial forecasts

Source: Provincial budgets, CIBC

Chart 1

Ontario GDP Growth vs. Rest of Canada



(Chart 1). Only in Saskatchewan, where mother nature dealt a cruel blow to the agriculture sector, is 2010 growth likely to fall short of official projections.

...But 2011 to Disappoint

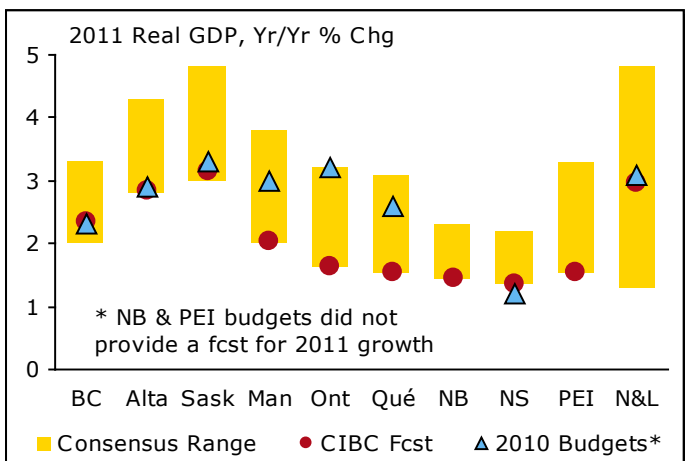
We've long argued that 2010 would end on a soft note, but the deceleration now gripping North America looks more severe than we previously envisioned. As such, we cut our 2011 growth call to just 1.9% in the September issue of *Forecast*.

This downgrade to national growth prospects translates into a more downbeat assessment for most provinces. Only in Saskatchewan, where the assumption of a normal harvest would imply a sharp rebound in agricultural production, is 2011 slated to improve on the current year's pace. Consistent with our sub-consensus call for Canada, our provincial growth forecasts generally reside at or near the bottom end of the forecast band for all the provinces (Chart 2).

This expected falloff in growth is unwelcome news for a provincial government sector that collectively had hoped for near-3% real GDP growth. And the disappointment in nominal GDP, which is more closely tied to provincial revenue, could be even greater. Canada can expect little more than 3½% nominal GDP growth next year—well below the 5½% gain envisaged in 2010 budgets.

Chart 2

CIBC Projects Below-Consensus 2011 Growth



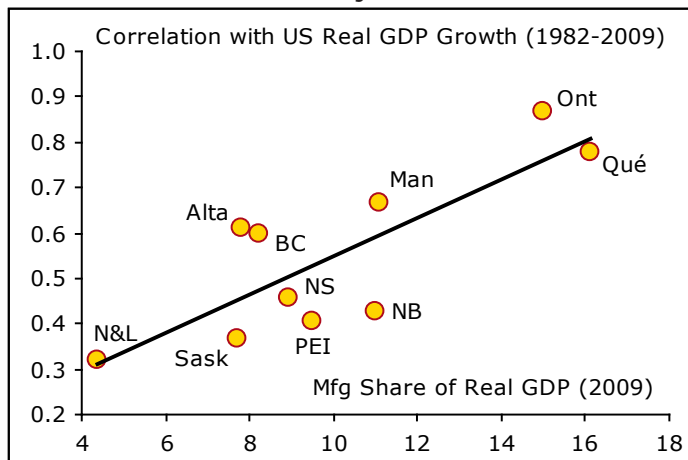
America’s Slowdown Hurts Central Canada Most

Much of the blame for a 2011 growth stumble can be heaped on the US, where growth looks to slump to just 1.8% next year. An American slowdown is of gravest concern to Central Canada, where provincial growth has always been much more closely correlated to the US than in other parts of the country (Chart 3). Ontario still sends roughly 80% of its exports south of the border; that was good news when America was booming in late 2009 and early 2010, but poses a threat as US growth fades.

Manufacturing’s share of jobs and output has been in structural decline for years, an adjustment that was accelerated dramatically by an appreciating currency. But the sector still accounts for 15%-plus of provincial GDP in Ontario and Québec, and continues to be challenged by a C\$ near parity.

Chart 3

Central Cda Most Closely Correlated With US



Throughout much of 2008 and 2009, with Ontario’s auto sector under siege, the province bled market share to Québec (Chart 4). That relative underperformance was arrested in 2010, and while the auto sector will flatten out, government policies should help lure investment and jobs. The July 1st adoption of a harmonized sales tax (HST) has cut the marginal effective tax rate on new investment. Meanwhile a clean energy strategy is succeeding in attracting business in an increasingly coveted industry. Outside of manufacturing, the province aims to leverage Canada’s superior reputation in the financial services sector, where international regulatory reforms will exert less of a drag than in other parts of the world.

Manitoba’s export-orientated factory sector carries a meaningful economic weight, and helps to explain the observed correlation with US growth. But the much noted diversity of Manitoba factory sector, and above-average services sector weight adds stability to growth, with a 2011 advance expected to be largely in-line with the national average.

Leveraging Emerging Markets & Resource Wealth

Western Canada has succeeded in growing its exports to the faster-growing BRIC region, with the Atlantic region also increasing its ties to BRIC countries (Chart 5). More than geography, it’s what a province produces that is driving trade and growth fortunes, with emerging markets’ appetite for resources continuing to colour regional growth prospects. Save Manitoba, the only provinces expected to better the national average in 2011 are the more resource-rich: the three Western-most provinces along with Newfoundland & Labrador.

Chart 4

Ontario Has Lost Factory Share to US, Québec

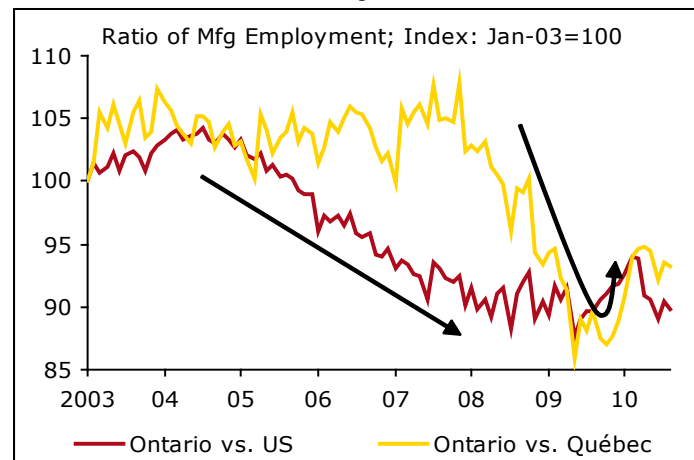
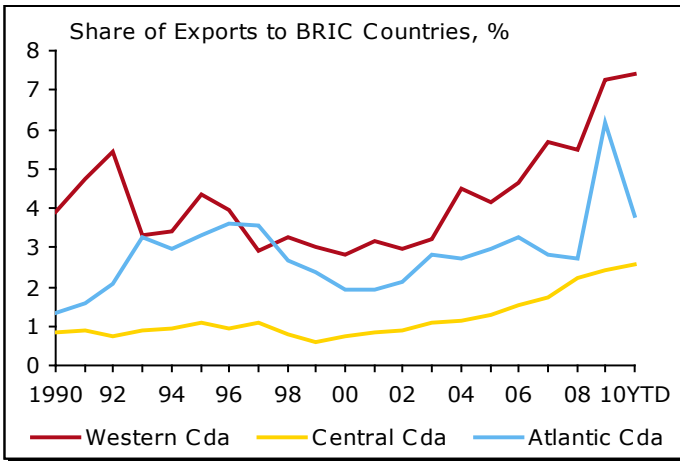


Chart 5
Western Canada's Increasing Exports to BRIC



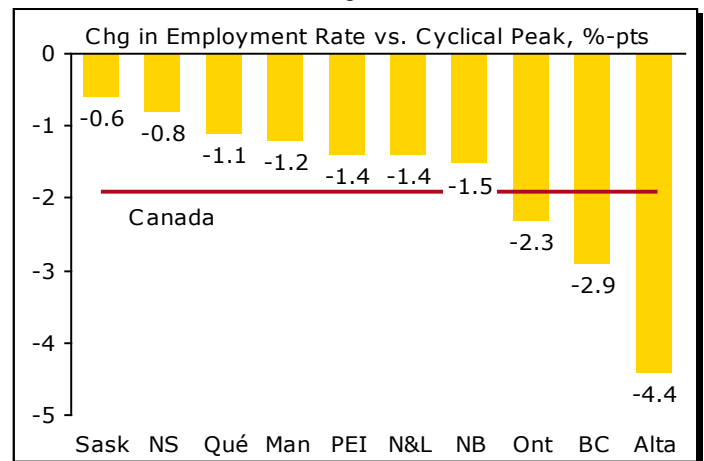
Output from Alberta’s oil sands, where investment has more recently reignited, is set to climb steadily in the years ahead. There are some risks to navigate, however. US environmental opposition has clouded the outlook for new pipeline development, while a shortage of upgrading capacity will limit the value added retained in the province and also leave it vulnerable to the differential in heavy and light crude prices. With prices languishing, the outlook for conventional gas is muted, but BC’s vast shale gas deposits hold significant potential going forward. Development of Saskatchewan’s oil industry is a meaningful driver, which alongside other resource sector investment (namely potash) is a tonic for above-average growth. The transfer of technology to the conventional oil industry could be the key to recovering heretofore untouched reserves in mature fields throughout the West.

Resource-based provinces are not without their challenges. A labour market recovery has been incomplete in BC and Alberta, where the employment rate is holding materially below pre-recession peaks (Chart 6). Labour productivity has also tended to lag in the West. In part, that reflects the rapid development of the region’s resources that have yet to pay full dividends. In BC’s case, the implementation of an HST, while met with considerable opposition, is being designed to buoy investment and lay the foundation for productivity enhancements.

Housing Slowdown to Weigh

And the housing sector looks vulnerable in the West as well. Granted, no part of Canada looks to be immune to further housing market weakness, with significant momentum having been more recently lost (Chart 7). But it’s in BC and Alberta where housing prices have

Chart 6
Less-Than-Full Recovery in Labour Market



overshot fair market value by the largest margin (Chart 8), with an ongoing correction expected to dull residential construction activity and blunt consumer enthusiasm.

While house prices are less-inflated in Québec and Atlantic Canada, demographics pose a serious challenge to long-term growth. Collectively, the Atlantic provinces will see the size of the working age population fall in the coming five years, with population projections showing the most severe decline in Newfoundland & Labrador (Chart 9). Note that for the country as a whole, demographics are more constructive than most other advanced economies, with proven success attracting international immigrants a key driver of population growth, particularly in Manitoba and Ontario.

Absent gains in the economically active population, Canada’s Atlantic provinces will be dependent on resource development and major capital projects to drive growth.

Chart 7
Housing Sector Loses Altitude

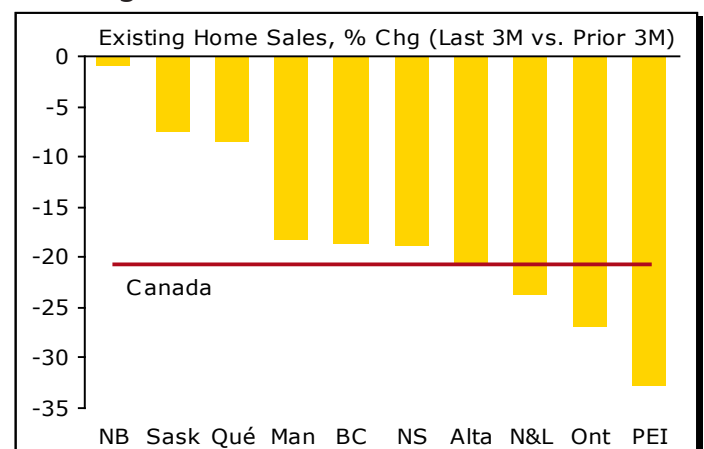


Chart 8

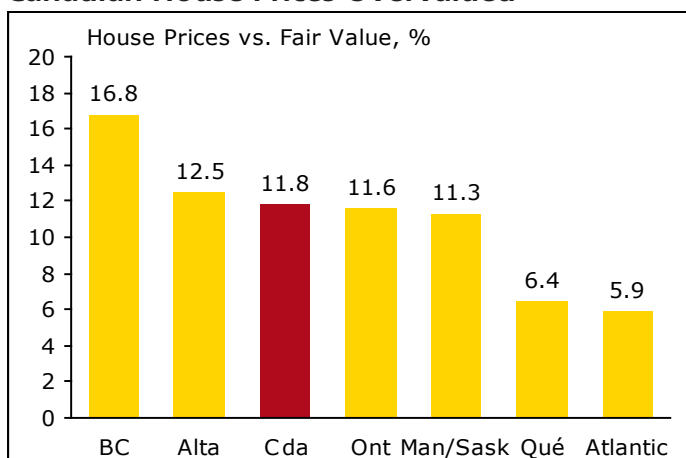
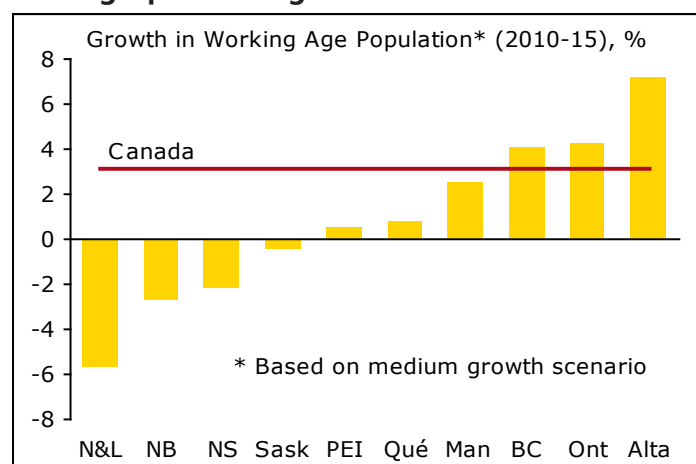
Canadian House Prices Overvalued

Chart 9

Demographics Weigh on Atlantic Canada

That's less of a concern in Newfoundland & Labrador, but in New Brunswick and Nova Scotia, the roster of major capital projects is relatively lean, setting the stage for below-average growth.

Fiscal Drag Arrives

With the expiry of infrastructure stimulus spending slated for March 2011, fiscal policy is already set to swing from a major plus in 2010 to a notable drag next year. Citing concerns over an aging population, Québec's 2010 budget ushered in meaningful fiscal restraint (including an additional sales tax increase) in an attempt to tackle a relatively high debt load and put provincial finances on a sustainable footing. Nova Scotia has also moved aggressively, hiking sales taxes and aiming to slow spending growth materially.

In general, an emphasis on cost containment will mean wage freezes and outright reductions in public sector headcount, which risk leaving more of a mark on Atlantic Canada, where a relatively larger number of workers toil in the public sector. Public sector wage restraint helps colour the lackluster nominal GDP outlook.

In the end, the relatively sturdy economic backdrop provincial governments have hoped for won't emerge, stalling progress on deficit reduction, adding to debt levels and eroding fiscal flexibility. This is of particular concern in Ontario, where real GDP growth risks running more 1.5%-pts below this Spring's budget forecast. A positive handoff from a stronger-than-expected 2010 will cushion only part of the blow. And barring corrective action, next year's subdued growth prospects risks putting negative pressure on provincial credit ratings, and for fixed income investors, looks to leave the sector once more on the defensive.

Table 2

Key Provincial Indicators

	Real GDP Yr/Yr % Chg			Employment Yr/Yr % Chg			Unemployment Rate %			Housing Starts 000s Units			Consumer Price Index Yr/Yr % Chg		
	2010F	2011F	2012F	2010F	2011F	2012F	2010F	2011F	2012F	2010F	2011F	2012F	2010F	2011F	2012F
BC	3.2	2.4	3.0	2.1	1.7	2.1	7.6	7.4	7.1	25.8	24.5	28.5	1.6	2.1	2.2
Alta	3.0	2.9	3.6	0.4	2.0	2.3	6.7	6.4	6.1	27.3	26.0	31.0	1.2	2.0	3.0
Sask	2.1	3.2	3.5	1.5	1.8	2.0	5.0	4.8	4.5	5.4	5.5	6.4	1.3	1.8	2.8
Man	2.7	2.1	2.8	2.0	1.6	1.7	5.5	5.6	5.3	6.3	6.2	6.1	0.8	1.6	2.3
Ont	3.4	1.7	2.6	1.9	1.6	1.8	8.8	8.9	8.7	59.3	55.0	57.0	2.2	1.9	2.4
Qué	2.8	1.6	2.5	1.9	1.5	1.7	8.1	8.1	7.9	49.6	46.5	47.0	1.1	1.8	2.2
NB	2.3	1.5	2.3	0.0	1.4	1.6	9.2	9.0	8.6	4.8	4.5	4.6	2.0	1.6	2.1
NS	2.1	1.4	2.2	0.5	1.2	1.5	9.1	9.2	9.0	4.2	4.0	4.1	2.4	2.1	2.0
PEI	2.0	1.6	2.1	3.5	1.0	1.6	10.8	10.7	10.4	0.8	0.8	0.9	1.9	1.8	2.2
N&L	4.1	3.0	2.0	3.2	1.7	1.9	14.7	14.5	13.9	4.4	3.7	4.0	2.3	2.0	2.5
CDA	3.0	1.9	2.8	1.7	1.7	1.9	8.1	8.1	7.8	188	177	190	1.6	1.9	2.4

NON-CONFIDENTIAL

1 **Request IR-129:**

2

3 **Referring to NSPI's response to Liberty IR-53 regarding the asset management strategy**
4 **work, please provide a summary analysis of the historical and future test year amounts**
5 **capitalized and expensed for the following periods: 2009C, 2010 Actual, and 2011 and 2012**
6 **Forecast years, respectively.**

7

8 Response IR-129:

9

10 Components of asset management have consistently been engrained in our business and the
11 strategy of the asset management program is to enhance, develop and standardized process
12 across the generating fleet. NSPI has added a new work management system and new positions
13 within Power Production that support the asset management strategy. Individual employee
14 compensation information is confidential. See table below.

15

(\$, thousands)	2009C	2010	2011	2012
Work Management Service Agreement		132	132	135
Total cost of new positions*		243	409	655
Total	---	375	541	790

16

17 *New Positions: Project Assistant 2010, Project Supervisor 2010, Engineers 2010 and 2011,
18 Planners 2012, and Asset Manager 2012.

19

20 In 2010 NSPI established a new asset management group with a mandate to install and manage
21 the asset management strategy within the generation business. In 2011 there is ongoing
22 implementation of asset management tools and increased activity in the operational aspects of
23 asset management.

24

NON-CONFIDENTIAL

1 The table below outlines capital expenditures to date, as of May 31, 2011:

2

(in thousand of \$)	2009	2010	2011YTD
PMAX/PdP software	450	330	230
Operator Surveillance Tools			50
Asset Management Development			100
Totals:	450	330	380

3

4 PMAX/PdP software: Includes operator advisor and anomaly detection and advanced software
5 technology (Smartware) that advises, real-time, equipment performance and equipment
6 anomalies. Early models deployed at Lingan Generation Station and on fleet steam turbines and
7 generators with full fleet implementation planned for 2011 and 2012. Costs include those
8 previous efforts which targeted operator performance and equipment reliability. This reflects
9 early implementations of Smartware.

10

11 Operator Surveillance Tools: Development of operator surveillance tools and methods to enable
12 electronic field surveillance and data management. The costs include trial implementations.

13

14 Asset Management Process Development: Development of process and identification of tools
15 and facilities. The costs include design of reliability processes and fleet monitoring approaches
16 and tools.

17

18 The asset management project submissions for all future project spending is in development and
19 will be filed for review and approval as part of the Annual Capital Expenditures Plan and related
20 capital work order approval process.

REDACTED

1 **Request IR-130:**

2
3 **With respect to incentive compensation, please provide the following:**

- 4
- 5 **(a) a description of all incentive compensation programs (annual cash, long-term, and**
 - 6 **any other) in effect between January 1, 2009 and the present, broken down by each**
 - 7 **applicable component,**
 - 8
 - 9 **(b) a description of any changes in effect for 2011 (i.e., meaning awards that are based**
 - 10 **on performance in 2011, whether or not paid in 2011),**
 - 11
 - 12 **(c) any 2012 changes whose effects have been included in estimates of 2012 costs,**
 - 13
 - 14 **(d) target and actual amounts paid (cash valuing any non-cash payments) in total and**
 - 15 **by program and component based on 2009 and 2010 performance,**
 - 16
 - 17 **(e) dates of payments (cash valuing any non-cash payments) for performance based on**
 - 18 **2009 and 2010 performance,**
 - 19
 - 20 **(f) target payment amounts (cash valuing any non-cash payments) in total by program**
 - 21 **and component for 2011, and**
 - 22
 - 23 **(g) amounts included in 2012 costs (cash valuing any non-cash payments) in total and**
 - 24 **by program and component).**

25
26 **Response IR-130:**

- 27
- 28 **(a) NSPI has a Scorecard Incentive Program. This program rewards non-union employees**
 - 29 **who achieve predetermined goals that support the Company's strategic direction.**

REDACTED

1 Incentive awards are based on Company profitability and individual achievement of goals
2 over and above normal job responsibilities. The Scorecard includes five objectives
3 including Safety, People, Customer, Asset Management and Financial. Incentive level
4 targets vary by employee category (General Staff target is 7 percent,
5 Supervisor/Individual Contributor is 10 percent, Manager is 13 percent, Director is 18
6 percent and Executive is 30%).

7
8 (b) There are no proposed changes to the incentive program for 2011.

9
10 (c) There are no proposed changes to the incentive program for 2012 in the 2012 forecast.

11
12 (d) For the performance year 2009, target amounts at mid-year were \$5,522,406; actual
13 amounts paid for the 2009 performance year were \$6,263,236. For the performance year
14 2010 target amounts at mid-year were \$5,530,107; actual amounts paid for the 2010
15 performance year were \$5,528,654. Only 50 percent of incentive costs are included in
16 regulated OM&G costs, as approved by the UARB. The amounts above reflect 100
17 percent of the amounts.

18
19 (e) For performance year 2009, payments were made in February, 2010. For performance
20 year 2010 payments were made in February, 2011.

21
22 (f) Target payment for 2011 performance year (to be paid in February, 2012) is \$ [REDACTED].
23 Amounts reflect 100 percent of the payment to employees with 50 percent included as a
24 regulated expense.

25
26 (g) An incentive accrual of \$5,500,000 had been estimated for the 2012 test year forecast.
27 The revenue requirement for the 2012 test year includes 50 percent of incentive costs in
28 OM&G, amounting to \$2,750,000.

CONFIDENTIAL (Attachment Only)

1 **Request IR-131:**

2

3 **Please provide data on the coal and petcoke indices used in procuring each solid fuel for**
4 **both 2010 and 2011. Please indicate the indices used for procurement, describe each index,**
5 **and the volumes of each solid fuel procured for each of the various indices used. When an**
6 **index is not used as part of this procurement, please indicate what price adjustment**
7 **mechanism is used, and volumes transacted at each mechanism. If procurement is at fixed**
8 **prices, please indicate the quantity procured at fixed prices for each period. If other price**
9 **adjustment mechanisms are used, please describe the method, and the volume procured**
10 **under this method for each period.**

11

12 **Response IR-131:**

13

14 Please refer to Confidential Attachment 1, filed electronically.

15