



**Statement by Ralph Tedesco
President and CEO of Nova Scotia Power
May 27, 2008**

Check Against Delivery

Good afternoon.

We are here at Lingan today because Cape Breton is home to so much of our power generation. Our plants in Cape Breton make most of the electricity that Nova Scotians use in their homes and businesses every day.

We chose to make this announcement here, at a plant that uses coal to make electricity, because world prices for coal, oil and natural gas are at the heart of what we are forced to tell our customers today.

Today, Nova Scotia Power applied to the Utility and Review Board for a rate increase of 11.9 per cent, which would take effect on January 1st, 2009.

The increase for residential customers would be 12.1 per cent.

Electric rates have not changed since April 2007 and will remain frozen through the end of 2008.

Our request for 2009 is driven by huge increases in world prices for fuel...

...the fuel that Nova Scotia Power uses to make electricity for our customers.

As we fill up our cars with gasoline ... as we heat our homes with oil ... each of us is acutely aware of the impact of rising world energy prices. No one is immune to these international market forces.

Since electricity rates were last set in Nova Scotia early in 2007, the world price of coal has doubled.

Last year, it was 60 dollars a tonne – today it's about 130 dollars.

Oil has more than doubled.

A year ago, it was less than 60 dollars a barrel ... today, it's more than 130 dollars a barrel.

Our fuel purchasing strategy, which is closely monitored by our regulator and key stakeholders, has helped us avoid higher rates for Nova Scotians through the 21 months ending December 31st.

Looking forward to 2009 ... Nova Scotia Power's fuel budget will be 90 million dollars more than we currently recover.

Fuel is the biggest cost of providing electricity in Nova Scotia. This rate request is largely driven by world fuel costs.

Of the 11.9 per cent, 8.1 per cent is for higher fuel costs.

1.6 per cent is to pay for reliability and customer service initiatives, such as ...

- conservation and energy efficiency programs that will help customers manage their energy costs
- tree trimming
- hiring and training new PLTs (Power Line Technicians)
- improvements in our ability to handle customer inquiries.

The rest is for costs previously approved by our regulator ... and for other costs of running our business – including wages for our unionized employees so we can maintain competitive salaries and retain the skilled tradespeople who are so essential.

While Nova Scotia Power has no control over world energy prices, we continue to work very hard to control our costs.

Basic operating expenses ... those expenses that are within our control ... continue to be held below the rate of inflation.

While we depend on fossil fuels to make electricity ... I want to assure our customers we are looking to the future and taking action on the renewable energy front.

We have just finalized long term contracts for new wind energy five times what is on the ground today. Enough, in total, for about 80,000 Nova Scotia homes. These fixed-price agreements can help moderate prices for customers in the future.

As well, earlier this month, our regulator approved conservation and energy efficiency programs that will help low income and other customers manage their energy bills.

We are also investing in a project to capture waste heat at our Tufts Cove generating station to make more electricity with no additional fuel and no additional emissions.

We will be testing in-stream tidal generation technology in the Bay of Fundy next year.

We are working with Newfoundland about the potential to import clean hydro energy.

We have reduced nitrogen oxide and sulphur dioxide emissions, and will continue to do so.

We will continue to listen to our customers ... and take action ... on these important issues.

The rate increase requested today would take effect on January 1st, 2009 ... some 21 months after the last electricity rate increase in Nova Scotia.

We know this request for higher prices is not welcome news for Nova Scotians.

But it does reflect the reality of rapidly increasing world fuel prices.

Thank you for your attention.