

REDACTED

1 **Request IR-85:**

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3 **With respect to the response to IR-22. Please provide the quantity of tonnes claimed as**
4 **original [REDACTED], the originally scheduled delivery dates for these**
5 **tonnes, and the prices at which these tonnes were to be delivered.**

6

7 Response IR-85:

8

9 Tonnes: [REDACTED]

10

11 Delivery Dates: March 1st, 2008

12 May 15th, 2008

13 September 25th, 2008

14

15 Price: [REDACTED]

16

REDACTED

1 **Request IR-86:**

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3 **With respect to the [REDACTED]. Please provide a detailed**
4 **calculation, including appropriate coal tonnages and prices, that demonstrates the**
5 **reduction in 2008 and 2009 fuel costs that would have been experienced if [REDACTED]**
6 **had been delivered as originally scheduled for [REDACTED] and not subject to [REDACTED]**
7 **[REDACTED] deliveries.**

8

9 **Response IR-86:**

10

11 **This response is confidential.**

REDACTED

1 **Request IR-87:**

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3 **With respect to the solid fuel component of the 2009 fuel costs in the GRA. Please provide**
4 **a detailed listing of each of the solid fuel contracts, by name of supplier, and their**
5 **associated prices, that are included in the calculations used to derive the 2009 fuel cost as**
6 **used in the rate application of \$559.5 million. As part of this calculation, please include**
7 **assumptions of costs associated with coal burned from inventory, as well as quantities and**
8 **prices for uncommitted volumes of low sulphur coal and pet coke. Please show how the**
9 **above requested information ties to the following fuel costs, as presented in SFR, OE-01C,**

10 **Attachment 1:**

11

12	Import Coal	██████████
13	Domestic Coal	██████████
14	Pet Coke	██████████
15	Adjustments	██████████

16

17 **Please provide the detailed calculations supporting the “Adjustments” figure, and include**
18 **those detailed calculations supporting the “solid fuel supply interruptions” costs** ██████████
19 **██████████ as included in the response to Liberty IR-37.**

20
21 **Finally, please show how all of the above information ties to the solid fuel costs for each of**
22 **the generating stations, as shown on SFR, OE-01H, Attachment 1.**

23
24 **Response IR-87:**

25
26 This confidential information is available at NSPI offices (filed under Liberty IR-87). For
27 supporting information on “Adjustments” excluding the solid fuel supply interruption provision,
28 please refer to NPB IR-108 Attachment 1.

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1 **Request IR-88:**

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3 **With respect to the political situation [REDACTED]**

4
5 **a) Please describe all of NSPI's actions in the time period starting in January 2006**
6 **through the present that were taken in order to address, monitor and evaluate the**
7 **risks associated with procuring coal [REDACTED]. Please focus on political**
8 **instability issues, and issues related to potential supply disruptions related to**
9 **political issues, rather than supplier reliability issues, supplier reliability not being**
10 **the subject of this question. Please describe relevant actions and communications**
11 **with all entities involved, such as, but not limited to:**

- 12
13 1) **Other US. suppliers procuring coal [REDACTED],**
14 2) **Contacts [REDACTED],**
15 3) **Governmental organizations, in the U.S. or elsewhere,**
16 4) **Trips by NSPI personnel [REDACTED],**
17 5) **Monitoring of publications.**

18
19 **b) Please describe the time frame of any such actions and communications, the**
20 **frequency of these actions and communications, the nature of such actions and**
21 **communications, and any conclusions reached as a result.**

22
23 **c) Please identify all potential offerors, other than any ones selected, capable of**
24 **offering supply [REDACTED], and describe all contacts and**
25 **communications with them regarding such supply.**

26
27 **Response IR-88:**

28
29 **a-c) This response is confidential.**

REDACTED

1 **Request IR-89:**

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3 **With specific reference to the coal procurement [REDACTED] as documented in the letter**
4 **of confirmation dated July 13, 2008 for [REDACTED] metric tons of coal per year for the years**
5 **[REDACTED]. Please describe all quantitative and qualitative risk premiums assigned**
6 **to this procurement during the evaluation process; include risk premiums associated with**
7 **either political risks, or supplier reliability risks. In addition, please describe the risk**
8 **considerations and premiums given to procuring coal from this solicitation from non-**
9 **[REDACTED]. Please include a discussion of the**
10 **rationale for not procuring coal from [REDACTED] sourced coal supply, especially**
11 **considering the relatively small price premiums associated with [REDACTED].**

12

13 **Response IR-89:**

14

15 **This response is confidential.**

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1 **Request IR-90:**

2

3 **With respect to the Company's response to Liberty IR-1. Please provide copies of the**
4 **individual performance plans for the members of the Commercial Solid Fuels Team, the**
5 **Commercial Oil & Gas Team, the Commercial Power and Scheduling Team and the Power**
6 **Marketing Team within the Company's Fuels, Energy & Risk Management department.**

7

8 Response IR-90:

9

10 Individual balanced scorecards for 2009, which are confidential personnel documents, have not
11 yet been developed.

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1 **Request IR-91:**

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3 **With respect to Paragraph 2.3 of the NSPI Fuel Manual, dated September 2007. This**
4 **paragraph provides that:**

5

6

7

8

9

10

11

12

13 **On June 9, 2008, the NSUARB issued an order in Docket No. NSUARB-NSPI-P-882**
14 **requiring, among other things, that the Code of Conduct be revised. What will govern the**
15 **Company's relationships with its affiliates pending completion of the required revisions?**

16

17 **Response IR-91:**

18

19 **NSPI's transactions with affiliates are governed by the Board approved Code of Conduct, which**
20 **may be revised as a result of the process initiated in the Board's Decision dated June 9, 2008.**

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1 **Request IR-92:**

2

3 **With respect to Paragraph 4.2.2 of the NSPI Fuel Manual, dated September 2007 this**
4 **paragraph contains the following statement:**

5

6 **Marketers are also authorized to purchase transportation from M&NP to**
7 **optimize their packed gas positions. (P. 8)**

8

9 **What does this statement mean? How does the Marketer accomplish the referenced**
10 **purchase?**

11

12 Response IR-92:

13

14 In order to transport natural gas from pack to either burn or resale, transportation has to be
15 “purchased” from the pipeline. This is done using Interruptible Transportation (IT). The
16 associated fee is regulated by the National Energy Board (NEB). By scheduling gas using IT the
17 pipeline determines if sufficient pipeline capacity is available. If the capacity is available, the
18 scheduled flow is accepted.

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1 **Request IR-93:**

2

3 **With respect to the Company's response to Liberty IR-7. This response refers to the**
4 **Company's response to NPB IR-99, where the quantities of light fuel oils (furnace oil plus**
5 **diesel) forecast for consumption in 2009 are much higher than actuals in 2005, 2006 and**
6 **2007. Please explain. (Please provide separate explanations for furnace oil versus**
7 **diesel/combustion turbine fuel for all three years, two historical and one forecast. Also**
8 **please provide counterpart monthly data for 2005, 2006, 2007 and 2008 year-to-date actual**
9 **and balance-of-year forecast.)**

10

11 Response IR-93:

12

13 The forecasted increase in the quantity of Light Fuel Oil (LFO) is primarily a result of a
14 projected increase in required combustion turbine generation. Please refer to Liberty IR-79 and
15 Liberty IR-80 for more details. Differences in the consumption of furnace oil by thermal
16 generation units may vary from forecast as a result of the actual operating conditions and the
17 characteristics of the solid fuel.

18

19 Monthly data for 2005, 2006, 2007 and 2008 year-to-date can be viewed at NSPI offices (filed
20 under NPB IR-99). For 2008 forecast data see Liberty IR-10.

21

22 NSPI's management reports identify LFO as "diesel" for combustion turbines and furnace oil in
23 solid fuel plants. Tufts Cove identifies both furnace oil and diesel.

REDACTED

1 **Request IR-94:**

2

3 **With respect to the Company's response to Liberty IR-18. Please provide a copy of the** [REDACTED]

4 [REDACTED], between [REDACTED]

5 [REDACTED]. (This Agreement was amended in December 1999, and a copy of the [REDACTED]

6 [REDACTED] was provided in response to Liberty IR-18.)

7

8 **Response IR-94:**

9

10 This confidential information can be viewed at NSPI offices.

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1 **Request IR-95:**

2

3 **With respect to the Company's response to Liberty IR-27. If the NSUARB authorizes**
4 **NSPI to recover its fuel costs through a fuel-adjustment mechanism (FAM), please explain**
5 **what benefits would accrue to NSPI's customers from conducting sales of excess gas**
6 **annually, rather than monthly and daily.**

7

8 Response IR-95:

9

10 The objective of implementing an annual sales process for excess natural gas is to generate more
11 competition for NSPI's sales and to encourage buyers to offer a premium for longer term supply,
12 thus providing more offsetting of fuel costs for customers.

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Request IR-96:

With respect to the Company's response to Liberty IR-27. Please confirm that (or correct), on any day that SOEP gross production is greater than or equal [REDACTED] GJ/day, NSPI's purchase price for daily gas at Baileyville is [REDACTED] than its sale price at the same location during the winter months, [REDACTED]. On any day that [REDACTED], NSPI's purchase price at Baileyville is the M&NP-US [REDACTED] higher than its sale price in winter, and the [REDACTED] than its sale price in summer. What is the amount of the M&NP US 100-percent-load-factor rate?

Response IR-96:

Under the [REDACTED], a pricing structure has been established that gives NSPI the option to buy gas [REDACTED]. However, this is NSPI's option; it is not an obligation. If there is cheaper gas available in the marketplace, NSPI can purchase that gas. However, regardless of supply, [REDACTED].

M&NP US 100 percent load-factor rate is currently made up of the following components:

Forward Haul Rates:	US \$0.78/MMBtu	
ACA:	US \$0.0019/MMBtu	
Fuel:	Winter:	1.12%
	Non-winter:	1.10%

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1 **Request IR-97:**

2

3 **With respect to the work sheets provided in response to Liberty IR-29. Please explain the**
4 **following line-items, and provide the source of the assumption used:**

5

6 **For Bunker prices,**

7 **“Price Adjustment”**

8 **“Contract Premium”**

9

10 **For Furnace Oil prices,**

11 **“Local Differential”**

12

13 **For Purchase Cost per MMBtu** [REDACTED]

14 **“TE-M3 Basis”**

15

16 **For Firm Sale – Selling Price per MMBtu,**

17 **“Market Premium/Discount”**

18

19 **For Spot Selling Price per MMBtu,**

20 **“Basis Differential (Dracut)”**

21

22 **What assumptions does the Company expect to use for these parameters when it updates**
23 **its fuel-cost estimates later in this proceeding?**

24

25 **Response IR-97:**

26

27 **Price Adjustment** - Reflects the bid/ask spread to the forward curve. It is based on historical
28 information.

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1 Response IR-97: (cont'd)

2

3 **Contract Premium** – [REDACTED]

4 [REDACTED] The assumption is based on the specific
5 contract.

6

7 **Local Differential** - Reflects the conversion factor for translating NYMEX based prices for
8 furnace oil to Nova Scotia based prices. The assumption is based on historical information.

9

10 **TE-M3 Basis / Basis Differential (Dracut)** - Reflects the pricing conversion location factor for
11 translating NYMEX based prices for natural gas to Nova Scotia based prices. The assumption is
12 based on broker quotes.

13

14 **Market Premium / Discount** - [REDACTED]

15 [REDACTED]

16 [REDACTED]

17

18 These parameters have not yet been determined.

REDACTED

1 **Request IR-98:**

2

3 **With respect to the work sheets provided in response to Liberty IR-29. Please confirm and**
4 **explain the following assumptions:**

5

6 **a) Pipeline imbalance charges equal zero**

7 **b) No discount on Goldboro price from taking assignment of M&NP-US capacity.**

8

9 Response IR-98:

10

11 a) Not confirmed. Pipeline imbalance charges of [REDACTED] were included in the 2009
12 forecast.

13

14 b) Confirmed. There is no discount on Goldboro price from taking assignment of M&NP-
15 US capacity. [REDACTED] of the Company's natural gas supply contract for
16 natural gas (Section 1(a) (iii)). It was assumed in preparing the 2009 forecast that the
17 available firm capacity would be eliminated through the US turn back provision.

REDACTED

1 **Request IR-99:**

2

3 **With respect to the work sheets provided in response to Liberty IR-29. Please confirm that**
4 **the Company has not included an estimated percentage of under deliveries under its**
5 **contract [REDACTED]. In preparing its fuel-cost estimates, how has the Company**
6 **allowed for the possibility of gas-supply interruptions?**

7

8 Response IR-99:

9

10 Please refer to Liberty IR-63.

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1 **Request IR-100:**

2

3 **With respect to the Company's response to Liberty IR-46. [REDACTED] is not listed as an**
4 **authorized counter-party for natural gas purchase and sale transactions, although it was a**
5 **purchaser in 2007. Please explain. Are negotiations ongoing with other potential counter-**
6 **parties for establishing natural-gas purchase and sale relationships? How many? When**
7 **does NSPI anticipate adding to the list of authorized counter-parties?**

8

9 Response IR-100:

10

11 The parental guarantee from [REDACTED]
12 [REDACTED] expired on April 1, 2008. NSPI is currently not transacting with [REDACTED]. In the
13 future, if there is a requirement, this guarantee will be put in place.

14

15 Negotiations with [REDACTED] counterparties are ongoing.

16

17 [REDACTED] has been added to the list. NSPI anticipates that more may be added.

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1 **Request IR-101:**

2

3 **With respect to the Company's response to Liberty IR-62, Attachment 1. Please explain the**
4 **line-item labeled "Bid Ask Spread – Hedge Unwind".**

5

6 Response IR-101:

7

8 This is an adjustment used to translate quoted prices into "tradeable" prices. The spread was
9 calculated based on observed data.

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1 **Request IR-102:**

2

3 **With respect to the Company's response to Liberty IR-73. Please identify any rights that**
4 **NSPI has to renew its contracts for capacity on the M&NP-CA system.**

5

6 Response IR-102:

7

8 Per Article II of the Form of Service Agreement for Toll Schedule MN365¹:

9

10 ...in effect for a term of ___years from the Date of Commencement of Service
11 ("Primary Term") and shall remain in force from year to year thereafter unless
12 terminated by either party by written notice [at least two years for long term
13 service agreements; mutually agreeable for short term service agreements] prior to
14 the end of the Primary Term or any successive term thereafter.

15

16 NSPI's transportation contract qualifies as a long-term service agreement.

¹ <http://infopost.spectraenergy.com/infopost/default.asp?pipe=MNCA>