

**REDACTED**

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1 **Request IR-1:**

2

3 **With respect to PO-02 Attachment 1, Page 2 of 2. Please provide resumes and job**  
4 **descriptions for the Director, Fuels, Energy & Risk Management, and all individuals**  
5 **reporting to this person, as shown on the organization chart provided in Standard Filing**  
6 **Requirements (SFR), PO-02 Attachment 1 Page 2 of 2.**

7

8 Response IR-1:

9

10 NSPI does not retain resumes for its employees. Please refer to Confidential Attachment 1.

**NON-CONFIDENTIAL**

---

1 **Request IR-2:**

2

3 **With respect to direct evidence. Please provide any internal strategy documents, memos or**  
4 **studies prepared in the last two years, separate from information contained in the Fuel**  
5 **Procurement Manual, that discuss fuel procurement strategy.**

6

7 Response IR-2:

8

9 This confidential information can be viewed at NSPI offices.

10

**NON-CONFIDENTIAL**

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1 **Request IR-3:**

2

3 **With respect to direct evidence. Please provide a complete description of Ms. Emily**  
4 **Medine's obligations, responsibilities and authority with respect to her relationship with**  
5 **NSPI in 2006, 2007 and 2008 year to date. If this relationship has changed during this**  
6 **period of time, please clearly describe the nature of such changes. Please do the same for**  
7 **any non-employee who provides consulting services or advice regarding fuel management**  
8 **matters.**

9

10 Response IR-3:

11

12 Ms. Medine continues to provide consulting services to NSPI. Ms. Medine is asked to review  
13 solid fuel offers and provide an independent recommendation as to how to proceed. As  
14 requested and available, Ms. Medine attends Fuel Strategy Table meetings. Ms. Medine  
15 continues to serve as a mentor with respect to solid fuel procurement. Ms. Medine supports  
16 NSPI in its general rate applications related to fuel procurement issues.

17

18 Mr. Leonard Crook of ICF International provides gas sales advice as part of NSPI's gas resale  
19 program along with independent recommendations on how to proceed. Mr. Crook also has  
20 analysed the use of gas swings swap hedged in response to the Liberty Report on Affiliate  
21 Transactions.

22

23 Mr. Scott Smith of Black & Veatch has provided analysis and a recommendation on the structure  
24 of the Fuel portfolio hedging.

25

**NON-CONFIDENTIAL**

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1 **Request IR-4:**

2

3 **With respect to direct evidence. Please provide the results of any internal or external**  
4 **audits related to fuel procurement conducted in 2006, 2007 or in 2008 year to date.**

5

6 Response IR-4:

7

8 This confidential information can be viewed at NSPI offices.

9

**NON-CONFIDENTIAL**

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1 **Request IR-5:**

2

3 **With respect to direct evidence. Please provide copies of any and all consultant reports**  
4 **completed in 2006, 2007 or 2008 year-to-date that address fuel supply, from point of origin**  
5 **to generating stations.**

6

7 Response IR-5:

8

9 This confidential information is available for viewing at NSPI offices.

10

**NON-CONFIDENTIAL**

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1 **Request IR-6:**

2

3 **With respect to SFR, OE-01F. Please provide Liberty with a hard copy of the Fuel**  
4 **Procurement Policies and Procedures Manual.**

5

6 Response IR-6:

7

8 This request was withdrawn by Liberty.

**NON-CONFIDENTIAL**

---

1 **Request IR-7:**

2

3 **With respect to SFR, OE-01A, Attachment 1 of the Application. Please provide actual data**  
4 **for 2006, 2007 and 2008 year to date in a format identical to that provided in the 16 pages**  
5 **of OE- 01A, Attachment 1.**

6

7 Response IR-7:

8

9 This confidential information can be viewed at NSPI offices (filed under NPB IR-99).

**NON-CONFIDENTIAL**

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1 **Request IR-8:**

2

3 **With respect to SFR, OE-01A, Attachment 2 of the Application. Please provide actual data**  
4 **for 2006, 2007 and 2008 year to date in a format identical to that provided in the 7 pages of**  
5 **OE-01A, Attachment 2.**

6

7 Response IR-8:

8

9 OE-01A Attachment 2 reflects the output of NSPI's dispatch forecasting model, Strategist. This  
10 software is used for forecasting purposes only. Data identical to the seven pages reflecting actual  
11 results for 2006, 2007 or 2008 year to date is not available.

12

**REDACTED**

---

1 **Request IR-9:**

2

3 **With respect to SFR, OE-01H, Attachment 1 of the Application. Please provide actual data**  
4 **for 2006, 2007 and 2008 year to date in a format identical to that provided in the 1 page of**  
5 **OE-01H, Attachment 1.**

6

7 Response IR-9:

8

9 Please refer to Confidential Attachments 1, 2 and 3.

10

**REDACTED**

---

1 **Request IR-10:**

2

3 **With respect to SFR, OE-01A, Attachment 1 of the Application. Please provide a 2007**  
4 **Compliance Case, and forecast data for the entire year of 2008 in a format identical to that**  
5 **provided in the 16 pages of OE-01A, Attachment 1.**

6

7 Response IR-10:

8

9 Please refer to Confidential Attachments 1 and 2.

10

**REDACTED**

---

1 **Request IR-11:**

2

3 **With respect to SFR, OE-01A, Attachment 2 of the Application. Please provide a 2007**  
4 **Compliance Case, and forecast data for the entire year of 2008 in a format identical to that**  
5 **provided in the 7 pages of OE-01A, Attachment 2.**

6

7 Response IR-11:

8

9 Please refer to Confidential Attachments 1 and 2.

**REDACTED**

---

1 **Request IR-12:**

2

3 **With reference to SFR, OE-01H, Attachment 1 of the Application. Please provide a 2007**  
4 **Compliance Case, and forecast data for the entire year of 2008 in a format identical to that**  
5 **provided in the 1 page of OE-01H, Attachment 1.**

6

7 Response IR-12:

8

9 Please refer to Confidential Attachments 1 and 2.

**NON-CONFIDENTIAL**

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1 **Request IR-13:**

2

3 **With respect to direct evidence. Please provide the current type of environmental control**  
4 **utilized at each generating station/unit including baghouses, precipitators, scrubbers, low**  
5 **NOx burners etc. Also indicate any changes anticipated either in 2008 or in 2009.**

6

7 Response IR-13:

8

Unit	Baghouse	Precipitators	Scrubbers	Low NOx Burners
Lingan 1		Yes		2008
Lingan 2		Yes		Yes
Lingan 3		Yes		Yes
Lingan 4		Yes		Yes
Point Aconi	Yes			NOx Control
Point Tupper		Yes		2008
Trenton 5	2009	Yes		2009
Trenton 6		Yes		2008
Tufts Cove 1		Yes		
Tufts Cove 2		Yes		NOx control
Tufts Cove 3		Yes		NOx control
Tufts Cove 4*				Wet NOx
Tufts Cove 5*				Wet NOx

9

10 Notes:

- 11 (1) Yes = environmental control equipment installed  
12 (2) 2008 = environmental control equipment expected to be installed 2008  
13 (3) 2009 = environmental control equipment expected to be installed 2009  
14 (4) NOx control = no over fire air in with current Low NOx installations  
15 (5) Wet NOx = injection of demineralized water into combustion chamber  
16 (6) Point Aconi's Circulating Fluidized Bed by design produces lower NOx  
17 (7) All Plants have Chemical Waste Water Treatment facilities.

---

\* LM6000

**REDACTED**

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1 **Request IR-14:**

2  
3 **With respect to direct evidence. What solid fuels, if any, have caused any operating**  
4 **problems at any NSPI generating units in 2007 or 2008 year to date that were related to**  
5 **problems such as, but not limited to the need to switch fuels or fuel suppliers, or to derate a**  
6 **generating unit, or to alter maintenance schedules because of fuel induced problems?**  
7 **Please describe the problems, and how the problems were resolved.**

8  
9 Response IR-14:

10  
11 In the continuing effort to qualify alternative fuels, the Company continues to test fuels in  
12 various generating units. These tests include new fuels, previously approved fuels tested on new  
13 units, previously tested fuels as part of new blends and effects of higher ratios of lower cost or  
14 lower energy fuels.

15  
16 For example, NSPI has tested increasing blends of [REDACTED] at Point Aconi in efforts to  
17 qualify the fuel as a potential replacement for petroleum coke. Additionally, in anticipation of a  
18 further reduction of SO<sub>2</sub> emissions in 2010, NSPI is testing a blend of [REDACTED]  
19 [REDACTED] coal at Lingan. Most, if not every, fuel has some limiting effect on performance or  
20 efficiency. The testing is conducted to quantify these effects where possible.

21  
22 Boiler slagging or fouling and ash handling system problems have been experienced on coal  
23 units during testing of higher ash products; this has resulted in changes to maintenance plans and  
24 production losses. The short term operating issues were resolved either while in operation or  
25 during an outage, fuel blends were adjusted to mitigate the effects of each fuel upon return to  
26 normal service. Test results will be used for future procurement considerations by the fuel  
27 group.

**NON-CONFIDENTIAL**

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1 **Request IR-15:**

2  
3 **With respect to direct evidence. Please provide a complete description of all fuel, and fuel**  
4 **transportation procurement in 2006, 2007 and 2008 to date. Please include the following**  
5 **information:**

- 6 a) **A copy of the solicitation or RFP used for each solicitation for fuel.**
- 7 b) **A copy of the list of vendors to which each solicitation was sent.**
- 8 c) **A copy of the responses received from each vendor for each solicitation.**
- 9 d) **A copy of the analysis and evaluation conducted for each response received for each**  
10 **solicitation. Include a comparison of evaluations made on both a delivered cost**  
11 **basis, and on the basis of producing the lowest cost of electrical energy delivered to**  
12 **the bus-bar.**
- 13 e) **A copy of the recommendation made to upper management requesting approval to**  
14 **proceed with the procurement recommended. Please include sufficient information**  
15 **to demonstrate that the recommended procurement would have resulted in**  
16 **procurement of fuel that would provide the lowest possible cost of electrical energy**  
17 **delivered to the bus-bar.**
- 18 f) **If the recommended procurement was not based on delivery of fuel that would**  
19 **provide the lowest possible cost of electrical energy delivered to the bus-bar, please**  
20 **explain why not, and also please provide an estimated date as to when all fuel**  
21 **procurement will be made on the basis of the lowest bus-bar cost.**
- 22 g) **Sufficient information to demonstrate that the procurement was actually approved**  
23 **by the appropriate level of NSPI management.**
- 24 h) **A copy of the agreement(s) that resulted from the solicitation.**
- 25 i) **A copy of the delivery tracking information associated with each fuel supply**  
26 **agreement to demonstrate how NSPI tracks delivery of the required fuel to ensure**  
27 **delivery in accordance with quality, quantity and timing requirements of the fuel**  
28 **supply agreement.**
- 29

2009 General Rate Application (NSUARB P-888)  
NSPI Responses to Liberty Information Requests

**NON-CONFIDENTIAL**

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1 Response IR-15:

2

3 a-i) This confidential information can be viewed at NSPI offices.

4

**NON-CONFIDENTIAL**

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1 **Request IR-16:**

2

3 **With respect to direct evidence**

4

5 **a) If the Company's purchases of light fuel oils (LFOs) are not covered in its response**  
6 **to the previous question, please describe in detail the current arrangements for the**  
7 **purchase of LFOs.**

8 **b) Describe the process by which each vendor was selected, and provide copies of all**  
9 **solicitations by the Company, responses by prospective suppliers, and Company**  
10 **evaluations of proposals.**

11

12 Response IR-16:

13

14 a-b) NSPI uses a competitive RFP process to allow suppliers to compete for the business of  
15 supplying light fuel oil to NSPI.

16

17 This confidential information can be viewed at NSPI offices (filed under Liberty IR-15).

**NON-CONFIDENTIAL**

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1 **Request IR-17:**

2

3 **With respect to direct evidence. Does the Company hedge the price of its LFO**  
4 **requirements? Please provide details of any hedging program for this fuel, and provide a**  
5 **list of current positions.**

6

7 Response IR-17:

8

9 No. The Company does not hedge the price of its LFO requirements as the quantities of LFO  
10 can vary significantly year-to-year and month-to-month.

**NON-CONFIDENTIAL**

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1 **Request IR-18:**

2

3 **With respect to direct evidence, please provide copies of all of the fuel, and fuel**  
4 **transportation contracts currently in effect for each type of fuel that have not already been**  
5 **provided in the previous question.**

6

7 Response IR-18:

8

9 This confidential information can be viewed at NSPI offices.

**NON-CONFIDENTIAL**

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1 **Request IR-19:**

2

3 **With respect to SFR, OP14. Please discuss any anticipated changes beyond the year 2010**  
4 **in requirements for reduction in emissions from generating stations for each of the**  
5 **following pollutants including Greenhouse Gases (GHG), sulfur dioxide (SO<sub>2</sub>), nitrogen**  
6 **oxides (NO<sub>x</sub>), and mercury, and any anticipated changes in these requirements between**  
7 **now and 2010.**

8

9 Response IR-19:

10

<b>Pollutants</b>	<b>Current Cap</b>	<b>2009</b>	<b>2010</b>	<b>Beyond</b>
SO <sub>2</sub> (kt)	108.5	108.5	72.5	None currently known
NO <sub>x</sub> (kt)	None	21.4	21.4	None currently known
Hg (kg)	168	168	65	None currently known
GHG *	None	None	18% below 2006 intensity	Annual continuous improvements of 2% to 2020

11 \* Based on current understanding of Federal Government intentions, not presently in law.

**NON-CONFIDENTIAL**

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1 **Request IR-20:**

2

3 **With respect to direct evidence. Please provide a listing of all fuel contract price**  
4 **redeterminations in 2006, 2007 and 2008 year to date along with substantiating backup**  
5 **calculations. Normal contract price escalations are not “redeterminations”. A**  
6 **redetermination is defined as a fuel contract price change as a result of contract**  
7 **renegotiations and/or contract price reopeners.**

8

9 **Response IR-20:**

10

11 **There are none to report.**

**REDACTED**

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1 **Request IR-21:**

2

3 **With respect to direct evidence. Please provide a listing of all open or unresolved fuel**  
4 **contract issues, along with a summary of the issue.**


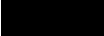
5

6 Response IR-21:

7

8 

9

10 By way of Notice dated December 26, 2007,  suspended shipments of coal that were to  
11 be provided under the Coal Supply Agreement pending further review and notice to NSPI.  
12 Presently, no shipments have been received from  in 2008. NSPI has taken the following  
13 steps to resolve the supply disruption and seek compensation for increased costs:

14

15 

16

17

18

19

20

21

22

23

24

**REDACTED**

---

1 Response IR-21: (cont'd)

2  
3 [REDACTED]  
4  
5 NSPI and [REDACTED] entered into a Coal Supply Agreement as of August 3,  
6 2001. Pursuant to the Coal Supply Agreement, a Confirmation Letter was issued as of March 14,  
7 2003 pursuant to which NSPI acquired an option to purchase [REDACTED]  
8 [REDACTED] coal in each quarter of 2004. NSPI exercised its options for the delivery of coal  
9 in each quarter of 2004; however, [REDACTED] delivered only [REDACTED] tonnes of coal in 2004.

10  
11 NSPI filed a Statement of Claim on April 13, 2004 claiming against [REDACTED] for the failure to  
12 deliver coal as required. A Statement of Defence has been filed by [REDACTED] alleging, among other  
13 things, [REDACTED] as an excuse for non-performance. NSPI disputed that [REDACTED]  
14 applied. The action has not yet gone to Trial.

15  
16 [REDACTED]  
17  
18 In 2004, NSPI and [REDACTED] entered into an agreement for the  
19 supply of coal to NSPI. As of February 22, 2005, [REDACTED] declared a [REDACTED] event which  
20 impacted the shipment of [REDACTED] tonnes of coal. The [REDACTED] event related to  
21 [REDACTED] NSPI has  
22 rejected [REDACTED] declaration [REDACTED] and NSPI has taken the position that, even if the  
23 [REDACTED] event is valid, pursuant to the parties' agreement [REDACTED] is obligated to use  
24 reasonable efforts to schedule make up loadings for the tonnages not delivered. NSPI set-off the  
25 amount claimed from payments due and owing to [REDACTED] for subsequent shipments of coal under  
26 the same contract. The amount deducted is equal to the incremental cost to NSPI to purchase  
27 replacement coal.  
28

2009 General Rate Application (NSUARB P-888)  
NSPI Responses to Liberty Information Requests

**REDACTED**

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1 Response IR-21: (cont'd)

2

3 On February 3, 2006 [REDACTED] commenced legal action, against NSPI in [REDACTED]. NSPI's  
4 Statement of Defence was filed on April 27, 2006. NSPI and [REDACTED] have each made disclosure  
5 of documents and depositions have taken place. The case has not yet been set down for trial.

**REDACTED**

---

1 **Request IR-22:**

2

3 **With respect to SFR, OE-01P. Please provide an update to this information listing any**  
4 **other actions taken, or communications that have transpired, either by [REDACTED] or by**  
5 **NSPI with respect to this situation. Also, please provide answers to the questions “a”**  
6 **through “e” below with respect to the [REDACTED] force majeure. In addition, please provide a**  
7 **listing of any other fuel contract force majeure provisions that were invoked by either**  
8 **party during the period 2006 through 2008 to date, along with a summary of the issue. In**  
9 **addition, please provide the following additional information:**

10

- 11 a) **Dates and duration of the force majeure.**
- 12 b) **Specifics on disposition of any undelivered tons of coal, or fuel, such as delivered**  
13 **later, forgiven, etc.**
- 14 c) **Identification of any replacement coal, or fuel, obtained as a result of the force**  
15 **majeure and the cost of such coal, or fuel.**
- 16 d) **Summary of issue resolution**
- 17 e) **Economic consequences of the force majeure to include comparisons of cost and**  
18 **quantity of coal, or fuel, not delivered with any cost and quantity of replacement**  
19 **coal, or fuel.**

20

21 **Response IR-22:**

22

23 **The response to this request is confidential.**

**NON-CONFIDENTIAL**

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1 **Request IR-23:**

2

3 **With respect to direct evidence. Please provide a listing of any term fuel contract**  
4 **cancellations in 2006 through 2008 to date, accompanied by a statement as to why the**  
5 **contract was cancelled.**

6

7 Response IR-23:

8

9 There have been no fuel contract cancellations in 2006 through 2008 to date.

10

**REDACTED**

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1 **Request IR-24:**

2

3 **With respect to direct evidence. Please provide a listing of any renegotiations, amendments**  
4 **or extensions to term fuel contracts entered into during 2006 through 2008 to date, along**  
5 **with summaries of the negotiations leading to the changes.**

6

7 Response IR-24:

8

9 In March 2006, NSPI and [REDACTED] agreed to renegotiate an existing agreement for the  
10 supply of [REDACTED] coal and extend an existing agreement for the supply of [REDACTED] coal.

11

12 In September 2006, NSPI and [REDACTED] agreed to extend and amend the  
13 existing agreement for the supply of domestic coal.

14

15 Summaries of the negotiations can be viewed at NSPI offices (filed under Liberty IR-15).

**NON-CONFIDENTIAL**

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1 **Request IR-25:**

2

3 **With respect to direct evidence. Please provide sample copies of all fuel procurement or**  
4 **management, and fuel transportation status or management reports used currently. Please**  
5 **provide access to the complete files of each such report.**

6

7 Response IR-25:

8

9 This confidential information can be viewed at NSPI offices.

10

**REDACTED**

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1 **Request IR-26:**

2

3 **With respect to direct evidence. Please provide monthly data for 2006, 2007 and 2008 to**  
4 **date, for NSPI's sales of natural gas: quantities sold, prices received, buyer, and location of**  
5 **title transfer. For transportation paid for by NSPI, provide the name of the transporter,**  
6 **nature of the transportation service (firm, interruptible, released firm, etc.), and price paid.**  
7 **In responding, please use the format used by the Company in responding to Liberty IR-29**  
8 **in the Company's 2007 Rate Case (Docket No. NSUARB P-886).**

9

10 Response IR-26:

11

12 Please refer to Confidential Attachment 1 for monthly data.

13

14 The transportation company is Maritimes and Northeast Canada. The transportation was firm  
15 service. The posted toll rates by year are:

16

- 17 • 2006- \$0.7095/MMBtu CAD
- 18 • 2007-\$0.7491 MMBtu CAD
- 19 • 2008-\$0.8016 MMBtu CAD

20

**NON-CONFIDENTIAL**

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1 **Request IR-27:**

2

3 **With respect to direct evidence. Relative to the immediately preceding question, please**  
4 **provide the associated contracts that were in effect during the 2006 to 2008 time period.**

5

6 Response IR-27:

7

8 This confidential information can be viewed at NSPI offices.

**REDACTED**

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1 **Request IR-28:**

2

3 **With respect to direct evidence**

4

5 **a) What has been the pricing basis for the gas that NSPI sells (e.g., first-of-the-month**  
6 **price at Tetco M3, as published by Inside FERC Gas Market Report; Gas Daily**  
7 **mid-point, etc.)?**

8

9 **b) For the Company's firm sales in 2006, 2007 and 2008 year-to-date, provide monthly**  
10 **data for the basis differential between that price and the NYMEX price (i.e., Henry**  
11 **Hub), for each of the months during which gas has been sold.**

12

13 **c) Provide daily data for the Company's swing sales. In responding, please use the**  
14 **format used by the Company in responding to Liberty IR-31 in the Company's 2007**  
15 **Rate Case (Docket No. NSUARB P-886).**

16

17 **Response IR-28:**

18

19 **a) This confidential information is available for viewing at NSPI's offices.**

20

21 **b) Please refer to Confidential Attachments 1, 2 and 3 for the calculation of basis**  
22 **differentials for firm sales.**

23

24 **c) Please refer to Confidential Attachment 4 for daily data for swing sales.**

**NON-CONFIDENTIAL**

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1 **Request IR-29:**

2

3 **With respect to direct evidence. Please provide the work sheets, analogous to those**  
4 **provided in response to Liberty IR-86 in the Company's 2007 Rate Case (Docket No.**  
5 **NSUARB P-886), that the Company used to build up the costs and sale prices that the**  
6 **Company used in estimating the amount of margin estimated to be realized from natural**  
7 **gas sales in the Test Year (2009).**

8

9 Response IR-29:

10

11 This confidential information is available for viewing at NSPI offices.

12

**REDACTED**

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1 **Request IR-30:**

2  
3 **With respect to direct evidence. Please reconcile all of the differences in the following two**  
4 **tables: Figure 2.4 in the Application, and “Fuel Contract Status” in SFR, OE-01E,**  
5 **Attachment 1, page 1 of 1. For example, for the year 2008, Figure 2.4 shows a total of**  
6 **1,550,000 MT of contracted low sulphur coal, with zero open tonnes, while OE-01E shows a**  
7 **total of 1,900,000 MT of contracted tons, and (350,000) open tonnes. Also, for 2008, Figure**  
8 **2.4 shows several contracts for high sulphur coal, while OE-01E does not list high sulphur**  
9 **coal at all. These are just a few of the differences, and all differences should be clearly**  
10 **explained.**

11  
12 Response IR-30:

13  
14 The difference is the inclusion of inventory in Figure 2.4 but not OE-01E.

15  
16 Figure 2.4, the Summary of Portfolio Status, represents contractual volumes and inventory  
17 consumption as of December 18, 2007.

18  
19 The Fuel Contract Status table in OE-01E compares overall contractual volumes relative to  
20 anticipated consumption within a given year, excluding inventory as of May 2008, which  
21 includes all December procurements.

22  
23 In Figure 2.4, the [REDACTED] contracted tonnage is classified as high sulphur product while, in the  
24 Fuel Contract Status document, the same tonnage is erroneously classified as mid sulphur coal.

25  
26 Figure 2.4 considers only solid fuel positions and not heavy fuel oil or natural gas.

**REDACTED**

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1 **Request IR-31:**

2

3 **With respect to direct evidence. Please reconcile the difference between 2009 solid fuel**  
4 **costs in Figure 2.12 in the Application, where the cost [REDACTED] and SFR, OE-01A,**  
5 **Attachment 1, page 10 of 16 where the cost [REDACTED].**

6

7 Response IR-31:

8

9 The difference reflects rounding.

**REDACTED**

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1 **Request IR-32:**

2

3 **With respect to direct evidence. Please provide the coal and pet-coke inventory levels on a**  
4 **monthly basis by fuel type for the period 2006 to 2008 year to date.**

5

6 Response IR-32:

7

8 Please refer to Confidential Attachment 1.

**REDACTED**

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1 **Request IR-33:**

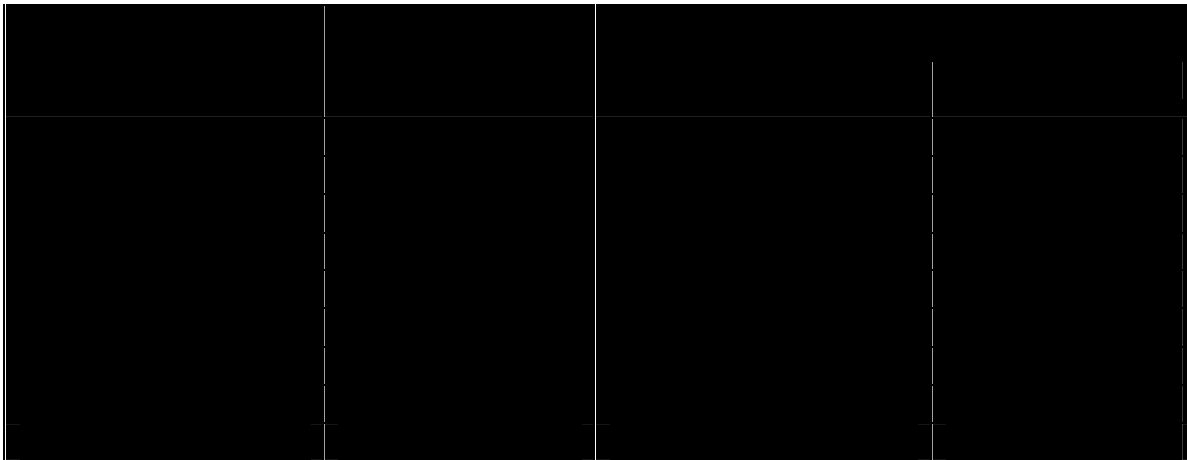
2

3 **With respect to direct evidence. Please provide the solid fuel inventory capacity at each**  
4 **NSPI power plant, and port used to receive solid fuel. Also please indicate the targeted**  
5 **inventory level at each power plant in terms of both tonnes, and days burn. Please indicate**  
6 **the basis of the days burn figure.**

7

8 **Response IR-33:**

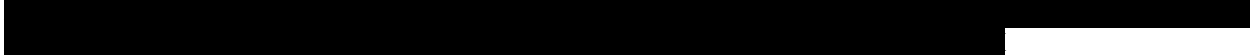
9



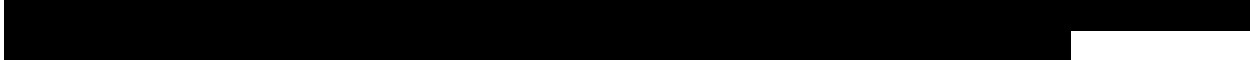
10

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**NON-CONFIDENTIAL**

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1 **Request IR-34:**

2

3 **With respect to direct evidence. Please describe the arrangement that governs the**  
4 **operation and management of the Point Tupper Marine terminal, and provide any related**  
5 **contracts.**

6

7 Response IR-34:

8

9 The terminal is owned by NSPI and operated by Savage Canac Inc. under a long term agreement  
10 signed in 2005. The confidential service agreement can be viewed at NSPI offices.

**REDACTED**

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1 **Request IR-35:**

2

3 **With respect to direct evidence. Please provide quantity, price and source information for**  
4 **purchased power for the years 2006 through 2008 to date, and for 2009. Indicate what**  
5 **portion of purchased power for 2008 and 2009 is under contract, and what portion is not**  
6 **under contract.**

7

8 Response IR-35:

9

10 The purchased power quantity and price information is provided in the following table:

11

	<b>Actual</b>			<b>Forecast</b>
	<b>Jan-Dec</b>	<b>Jan-Dec</b>	<b>Jan-May</b>	<b>Jan-Dec</b>
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>

12

13 The source information for actual results reflects NSPI's internal financial records as reported in  
14 the Oracle Financial System. The source information for forecast data includes purchased power  
15 contracts and the Strategist generation dispatch model.

**NON-CONFIDENTIAL**

---

1 **Request IR-36:**

2

3 **With respect to Page 5 of the Application. Section 1.1, references plans to purchase**  
4 **approximately 240 megawatts of new wind energy. Please provide the schedule of these**  
5 **anticipated procurements, and if any such power has already been procured, or is under**  
6 **negotiation, identify the sources of such power and the associated amounts.**

7

8 Response IR-36:

9

10 There are 246 MW of additional wind energy contracted through Purchased Power Agreements  
11 (PPAs). Delivery of this energy begins in late 2009.

12

13 Please refer to OP-08 Confidential Attachment 1.

**REDACTED**

---

1 **Request IR-37:**

2

3 **With respect to Figure 2.1 of the direct evidence, please provided detailed backup for the**  
4 **cost changes between 2007C and 2009 as portrayed in Figure 2.1 of the Application. The**  
5 **cost changes on this graph do not agree with the information provided in SFR, FOR-07,**  
6 **Attachment 1, Page 1 of 1. Also provide detailed backup on the [REDACTED] million cost increase**  
7 **attributed to solid fuel prices, as indicated on page 10 of the Application, “Increased**  
8 **Commodity Costs.”**

9

10 Response IR-37:

11

12 Please refer to Confidential Attachment 1 for detailed back-up related to changes between 2007C  
13 and 2009 as portrayed in Figure 2.1 of the Direct Evidence.

14

15 Total fuel and purchased power expense changes in Figure 2.1 agree with the information in  
16 FOR-07 Confidential Attachment 1. As referenced in the footnote on Page 10 of the Direct  
17 Evidence, the data in the graph was calculated using standard variance analysis techniques which  
18 will produce different results than applying the simple differences between line items in FOR-07  
19 Confidential Attachment 1.

20

21 Please refer to Confidential Attachment 1, which provides back-up for the [REDACTED] million cost  
22 increase attributed to solid fuel prices. It is calculated by the total of lines 17, 18, 36, 37 and 38  
23 in Confidential Attachment 1.

24

**REDACTED**

---

1 **Request IR-38:**

2  
3 **With respect to Page 30, direct evidence. Figure 2.10 of the Application, page 30, lists**  
4 **commodity price forecasts for low sulphur coal and pet coke that relate to data provided in**  
5 **SFR, OE-01K, when adjusted for foreign exchange.**

6  
7 **However, page 10 of the Application states that solid fuel prices were determined from**  
8 **forward price curves, but OE-01K data indicates that for these two fuels the prices come**  
9 **from supplier prices; please explain this conflict. In addition, please provide the detailed**  
10 **calculations that support the price of [REDACTED] for the “Low Sulphur Coal Supplier Average”.**

11  
12 **Response IR-38:**

13  
14 NSPI is unable to locate the conflict referenced on page 10 of the Application. The method used  
15 is as per OE-01K.

16  
17 The price for the uncommitted volumes of low sulphur coal was determined using the forward  
18 curve for CAL 2009 API 4, as published in the January 11, 2008 issue of the [REDACTED]  
19 [REDACTED], adjusted to [REDACTED].

20  
21 **Low Sulphur Coal**

$$\begin{aligned} & [REDACTED] \text{ (CAL 2009 API4) } [REDACTED] \\ & = [REDACTED] [REDACTED] \end{aligned}$$

22  
23 The price for the uncommitted volumes of petroleum coke was determined using the simple  
24 average of a supplier bid, dated October 11, 2008, and the [REDACTED].

2009 General Rate Application (NSUARB P-888)  
NSPI Responses to Liberty Information Requests

**REDACTED**

---

1 Response IR-38: (cont'd)

2

3 Petcoke

4 

5

**REDACTED**

---

1 **Request IR-39:**

2

3 **With respect to Page 31, direct evidence, Figure 2.11. Figure 2.11 of the Application, page**  
4 **31, lists the percentage mix of solid fuel blends for generation. For the 2009, the percentage**  
5 **of HS coal is listed as 0%, but the data in Figure 2.4 of the Application shows 192,000**  
6 **tonnes of HS coal from [REDACTED]. Please explain this conflict.**

7

8 Response IR-39:

9

10 In Figure 2.11, the 2009 [REDACTED] volumes are erroneously included in the mid sulphur (MS)  
11 coal category. They should be included in the high sulphur coal (HS) category as they are in  
12 Figure 2.4.

**REDACTED**

---

1 **Request IR-40:**

2

3 **With respect to direct evidence. Please explain the differences in total required solid fuel**  
4 **tonnes between Figures 2.3 and 2.4 of the Application which show tonnes of 3,412,000 and**  
5 **3,409,000 respectively.**

6

7 Response IR-40:

8

9 The open position of [REDACTED] in Figure 2.3 is inadvertently overstated by 3,000 MT.

10

**REDACTED**

---

1 **Request IR-41:**

2

3 **With respect to direct evidence. Please explain the difference in 2009 coal required**  
4 **between SFR, OE-01A, Attachment 1, page 1 of 16, where the amount is [REDACTED], and**  
5 **SFR, OE-01C, Attachment 1, page 1 of 1, where the amount for import coal, domestic coal**  
6 **and pet coke only totals [REDACTED].**

7

8 Response IR-41:

9

10 The figure noted from OE-01A Attachment 1, page 1 of 16 is [REDACTED]. This amount  
11 includes solid fuel adjustments which are separately reported in OE-01C Attachment 1 and  
12 contained in "Adjustments". Solid fuel costs associated with exports are excluded in OE-01A  
13 Attachment 1 but included in OE-01C Attachment 1.

14

15 The following table is a summary reconciliation:

16

OE-01A Attachment 1	[REDACTED]
Solid fuel adjustments Exports (OE-01A Attachment 1 page 13)	[REDACTED]
OE-01C Attachment 1	[REDACTED]

17

**REDACTED**

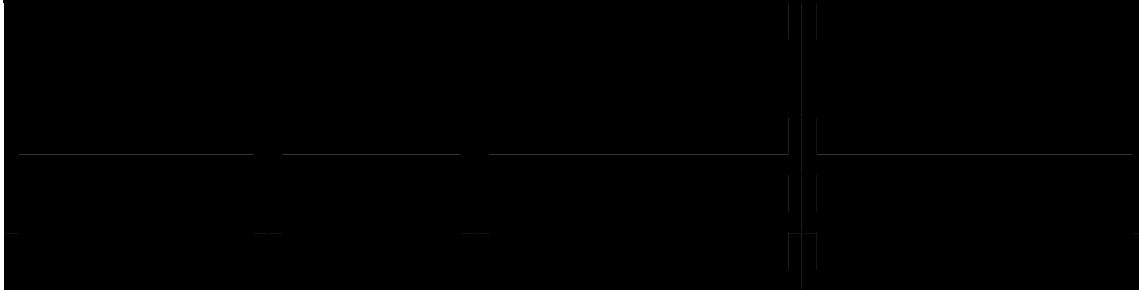
---

1 **Request IR-42:**

2

3 **With respect to direct evidence. Please explain the differences in solid fuel for 2009**  
4 **between each of the following three documents, as follows:**

5



6

7 **Response IR-42:**

8

9 The differences between Figure 2.4 and OE-01E, Attachment 1 Page 1 of 1, are a function of the  
10 date each document was produced, inventory, incremental purchases and the relative gross  
11 calorific value of the fuel being blended to meet the overall energy requirement.

12

13 Please refer to Confidential Attachment 1.

14

15 The solid fuel figures in OE-01J, Attachment 1, Page 1 of 1 match those in Figure 2.3.

16

17 Please refer to Liberty IR-40 to reconcile the differences between Figures 2.4 and Figures 2.3.

**REDACTED**

1 **Request IR-43:**

2

3 **With respect to direct evidence. Please describe the Company's policy regarding the fuel**  
 4 **and other production costs assumed for off-system sales of electricity (such as export sales)**  
 5 **for the purpose of computing margin realized on such sales. In addition, please provide a**  
 6 **sample calculation.**

7

8 Response IR-43:

9

10 The export sales are assigned to the dispatched generation units with the highest unit marginal  
 11 fuel cost on the basis that export sales are discretionary. Once the MWhs are assigned to each  
 12 generation unit for each hour, the unit fuel costs are applied using generation cost data that  
 13 reflects current commodity and fuel prices rather than fully hedged costs.

14

<b>Sample Calculation - May 2 16:00 hr and 15 MWh of exports</b>					
	<b>LIN</b>	<b>POA</b>	<b>TUC</b>	<b>CT</b>	<b>Total</b>
System Load - MWh	140	130	50		320
Min Capacity	90	90	45		
Incremental Cost per MWh					
Export Assignment	10		5		15
Gencost per MWh					
Cost of exports					

15

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1 **Request IR-44:**

2

3 **With respect to Page 17, direct evidence. Please provide copies of any documents**  
4 **regarding "... the [gas sales] process recently supported by the UARB fuel consultants ...".**  
5 **How and where was this support expressed?**

6

7 Response IR-44:

8

9 Please refer to Liberty IR-66.

**NON-CONFIDENTIAL**

---

1 **Request IR-45:**

2

3 **With respect to Page 17, direct evidence. Please provide copies of all RFP documents**  
4 **relating to the fall 2008 gas sale, and copies of all responses to the RFP as they become**  
5 **available. Also, please provide copies of the following with respect to said sale as they**  
6 **become available:**

7

8 **a) Any memoranda or other correspondence from consultants, and any internal**  
9 **documents, regarding potential bidders or the bidding process;**

10 **b) Any notes from any meetings with potential bidders;**

11 **c) Any correspondence with potential bidders;**

12 **d) Any internal or consultant analysis of bids received;**

13 **e) Any recommendations to management regarding bids received or contract awards.**

14

15 **Response IR-45:**

16

17 **NSPI plans to start the 2008 Request for Proposal (RFP) process for natural gas sales in late**  
18 **summer, similar to the 2007 process. Therefore, the requested information is not available.**

**REDACTED**

---

1 **Request IR-46:**

2

3 **With respect to direct evidence. Please provide a list of all authorized counter-parties for**  
4 **natural gas purchase and sale transactions, with approved credit limits for each.**

5

6 Response IR-46:

7



8

**REDACTED**

---

1 **Request IR-47:**

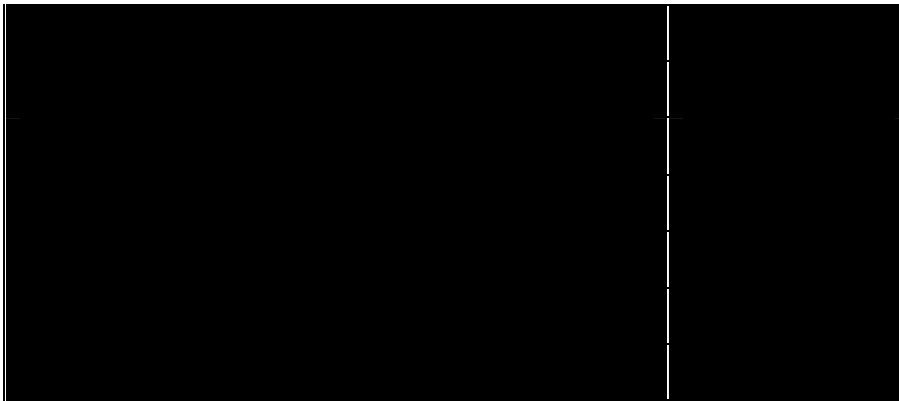
2

3 **With respect to direct evidence. Please provide a list of all authorized counter-parties for**  
4 **electric power purchase and sale transactions, with approved credit limits for each.**

5

6 **Response IR-47:**

7



8

**REDACTED**

---

1 **Request IR-48:**

2

3 **With respect to direct evidence.**

4 **a) Please provide a daily history of deliveries under each of NSPI's natural gas- supply**  
5 **contracts from November 1, 2006 to the present in the same format as Liberty IR-49**  
6 **in the Company's 2007 Rate Case (Docket No. NSUARB P-886).**

7 **b) Provide a brief explanation for each instance for over- or under-delivery.**

8 **c) Please provide this information in hard copy and electronically in Microsoft Excel**  
9 **format.**

10

11 **Response IR-48:**

12

13 Please refer to Confidential Attachment 1.

**REDACTED**

---

1 **Request IR-49:**

2

3 **With respect to direct evidence. Please provide a list of natural gas purchase transactions**  
4 **outside of NSPI's gas purchase contracts from November 1, 2006 to the present in the same**  
5 **format as Liberty IR-60 in the Company's 2007 Rate Case (Docket No. NSUARB P-886).**  
6 **Please provide this information in hard copy and electronically in Microsoft Excel format.**

7

8 Response IR-49:

9

10 Please refer to Confidential Attachment 1.

**NON-CONFIDENTIAL**

---

1 **Request IR-50:**

2

3 **With respect to direct evidence. Please provide a daily history of natural gas burn from**  
4 **November 1, 2006 to the present in the same format as DR-145 in the audit of affiliate**  
5 **transactions conducted by The Liberty Consulting Group. Please provide this information**  
6 **in hard copy and electronically in Microsoft Excel format.**

7

8 Response IR-50:

9

10 This confidential information is available for viewing at NSPI offices.

11

12

**NON-CONFIDENTIAL**

---

1 **Request IR-51:**

2

3 **With respect to direct evidence. Please provide a daily history of natural gas sales and**  
4 **burn for 2006, 2007 and 2008 year to date in the same format as the data for July 2006**  
5 **provided in the audit of affiliate transactions by The Liberty Consulting Group. Please**  
6 **provide this information in hard copy and electronically in Microsoft Excel format.**

7

8 Response IR-51:

9

10 This confidential information is available for viewing at NSPI offices.

**REDACTED**

---

1 **Request IR-52:**

2

3 **With respect to direct evidence**

4

5 **a) Please review the Company's response to Liberty IR-35 in the Company's 2007 Rate**  
6 **Case (NSUARB Docket No. P-886).**

7 **b) Please advise whether the fuel-switch process is the same as described there, and**  
8 **provide updated examples of the analysis of a potential fuel-switch.**

9 **c) Would the Company switch fuels for only one day? Please explain.**

10

11 **Response IR-52:**

12

13 a-b) The process is the same as referenced. Please refer to Confidential Attachment 1.

14

15 c) Depending on the circumstances NSPI may fuel switch for one day. There may be  
16 operational issues that require the switch. The price difference between the fuels can be  
17 wide enough to justify the one day switch.

18

**NON-CONFIDENTIAL**

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1 **Request IR-53:**

2

3 **With respect to direct evidence. Please provide an example illustrating the computation of**  
4 **an imbalance penalty under the NEB Gas Tariff of the Maritimes & Northeast Pipeline**  
5 **Partnership (M&NP-CA).**

6

7 Response IR-53:

8

9 Please refer to Attachment 1.

10

**Example, for illustrative purposes only.**

Tariff:

Maritimes & Northeast Pipeline Limited Partnership	
NEB Gas Tariff	
Section 11.2 Balancing Charges	
Final Period: November 1, 2002 Onward	
<hr/>	
	Daily Imbalance Charge
Daily Imbalance Percentage	(Multiple of Undiscounted MN365 toll)
0% - <=5%	0
>5% - <=10%	0.5
>10%	1.0

Assumptions:

MDTQ*	50,000 GJ/day
MN365 Toll	\$0.75 /GJ
Daily Out of Balance	6,824
*MDTQ is defined under the Tariff as "Maximum Daily Transportation Quantity"	

**Calculation of Daily Imbalance Percentage:**

	Volume	Per GJ charge	Total
Step 1 0%-<=5%	2,500	\$ -	\$ -
Step 2 >5%-<=10%	2,500	\$ 0.375	\$ 937.50
Step 4 >10%	1,824	\$ 0.750	\$ 1,368.00
			\$ 2,305.50

**NON-CONFIDENTIAL**

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1 **Request IR-54:**

2

3 **With respect to direct evidence**

4

5 **a) Please provide an example illustrating the computation of an imbalance penalty**  
6 **under the FERC Gas Tariff of the Maritimes & Northeast Pipeline Partnership**  
7 **(M&NP-US).**

8 **b) Please use the same imbalance quantity and time for this example as in the example**  
9 **for M&NP-CA.**

10

11 **Response IR-54:**

12

13 **NSPI does not ship on M&NP-US.**

14

**REDACTED**

---

1 **Request IR-55:**

2  
3 **With respect to direct evidence**

- 4
- 5 a) **Please provide a daily history of imbalances on the M&NP system for 2006, 2007**  
6 **and 2008 year to date.**
- 7 b) **Please provide separate histories for imbalances on the U. S. and Canadian**  
8 **segments of the pipeline.**
- 9 c) **Please annotate the daily histories with the amounts of any imbalance penalties**  
10 **assessed by either segment for each day.**
- 11 d) **Please provide a brief explanation for each imbalance that resulted in a penalty.**
- 12 e) **Please provide this information in hard copy and electronically in Microsoft Excel**  
13 **format.**

14  
15 **Response IR-55:**

- 16
- 17 a) Please refer to Confidential Attachment 1.
- 18
- 19 b) For the Canadian imbalances please refer to part a. NSPI does not ship on M&NP-US  
20 and therefore is not subject to imbalance charges on that pipeline.
- 21
- 22 c) Please refer to Confidential Attachment 1.
- 23
- 24 d) NSPI's natural gas fired units are marginal units. Load profile can change depending on  
25 load and generation differences between the day ahead forecast and the actual day.  
26 Individual daily reasons for imbalances are not available.
- 27
- 28 e) This confidential information is available in NSPI offices.
- 29

**REDACTED**

---

1 **Request IR-56:**

2

3 **With respect to direct evidence**

4

5 **a) Please identify any component of the Company's estimated costs for natural gas in**  
6 **the Test Year that derives from pipeline imbalance penalties.**

7 **b) What is the basis for the estimate of that component of costs?**

8

9 Response IR-56:

10

11 a) Pipeline imbalance penalties are estimated to [REDACTED].

12

13 b) 2009 is estimated using 2007 data. During the two months that heavy fuel oil is forecast  
14 to be consumed at Tufts Cove the estimated cost [REDACTED]. All other months the  
15 estimated cost [REDACTED].

16

**REDACTED**

---

1 **Request IR-57:**

2

3 **With respect to direct evidence. In November 2006, NSPI<sup>1</sup> reported its hedging policy for**  
4 **fuel oil and natural gas as follows:**

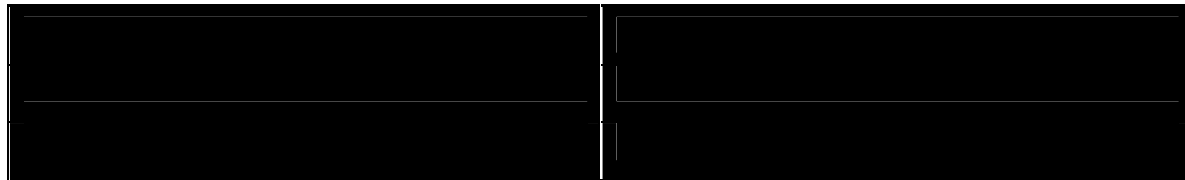
5

<b>Time prior to Consumption</b>	<b>Proportion Hedged</b>
<b>24 months</b>	<b>0 to 20%</b>
<b>12 to 24 months</b>	<b>20 to 50%</b>
<b>Less than 9 to 12 months</b>	<b>70 to 100%</b>

6

7 **The current Application reports (at p. 15) the hedging policy as follows:**

8

A table with two columns and two rows, completely redacted with black boxes.

9

10 **When was the Company's hedging policy changed? Why was it changed? Please provide**  
11 **copies of any studies considered in making the change.**

12

13 **Response IR-57:**

14

15 NSPI's hedging policy was changed during the Fuel Manual revision process that occurred in  
16 late 2006 and early 2007. This produced the Fuel Manual dated April, 2007. This revision  
17 process was the result of NSPI 2006 Rate Case.<sup>2</sup> Liberty was extensively involved in this  
18 revision process as outlined in Liberty's FAM Supplemental Evidence.<sup>3</sup>

19

---

<sup>1</sup> Source: NSPI response to DR-105, Liberty audit of affiliate transactions.

<sup>2</sup> UARB Decision, NSUARB-NSPI-P-882 March 10, 2006, paragraph 51.

<sup>3</sup> FAM Application, Liberty Supplemental evidence, NSUARB – NSPI – P-887, May 24, 2007, page 6, 1.11-16.

**REDACTED**

---

1 **Request IR-58:**

2

3 **With respect to direct evidence. Please provide a list of current hedge positions, and copies**  
4 **of any evaluations of the results of any of the Company's hedging programs. Please use the**  
5 **format used by the Company in responding to Liberty IR-26 in the Company's 2007 Rate**  
6 **Case (NSUARB Docket No. P-886).**

7

8 Response IR-58:

9

10 Please refer to Confidential Attachments 1 and 2, and Avon IR-11 Confidential Attachment 2.

11

**NON-CONFIDENTIAL**

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1 **Request IR-59:**

2

3 **With respect to direct evidence. Does the Company optimize its hedge positions in**  
4 **response to relative movements in the prices of fuel oils and natural gas? Provide details of**  
5 **any optimization strategies, and provide examples of trades demonstrating each such**  
6 **strategy.**

7

8 Response IR-59:

9

10 NSPI has specific guidelines as prescribed in the Fuel Manual that direct hedging activities. The  
11 optimization strategy that NSPI uses relates to its fuel switching capabilities between natural gas  
12 and Heavy Fuel Oil (HFO) at the Tufts Cove facility (TUC). If a fuel switch is prompted, there  
13 is a requirement to adjust the associated hedge positions. An example demonstrating the effects  
14 of a fuel switch is provided in Attachment 1.

The following example ignores environmental constraints.

**Time 0** Original Forward Price Curve: HFO \$ 60.00 per barrel del to TUC (approx \$9.50/mmbtu)  
 Natural gas \$ 12.00 per mmbtu del to TUC (Comprised of Henry Hub + Basis)  
 (\$10.00 Henry Hub, \$2.00 Basis)

HFO is the cheaper fuel, so it would be forecast to be burned at TUC and the excess natural gas would be sold.

In accordance with the fuel manual NSPI would enter into the following series of transactions:

<u>Action</u>	<u>Instrument</u>	<u>Volume</u>
Buy	Swap on NYH 2.2% HFO	100,000 barrels
Sell	Swap on NYMEX natural gas	20,000 mmbtu/day

To protect against price appreciation on purchase of HFO  
 To protect against price depreciation on sale of natural gas

**Time 1** New Forward Price Curve: HFO \$ 90.00 per barrel del to TUC (approx \$14.00/mmbtu)  
 Natural gas \$ 12.50 per mmbtu del to TUC  
 (\$10.50 Henry Hub, \$2.00 Basis)

Natural gas is now the cheaper fuel.

In accordance with the fuel manual NSPI would enter into the following series of transactions:

<u>Action</u>	<u>Instrument</u>	<u>Volume</u>
Sell	Swap on NYH 2.2% HFO	100,000 barrels
Buy	Swap on NYMEX natural gas	20,000 mmbtu/day
Buy	Swap on NYMEX natural gas	20,000 mmbtu/day

To unwind the long HFO position.  
 To unwind the short natural gas position  
 To protect against price appreciation on purchase of natural gas

Income Statement:

HFO	100,000
Original Price:	\$ 60.00
New Price:	\$ 90.00
Gain/(Loss):	3,000,000
Natural Gas	20,000
Original Price:	\$ 10.00
New Price:	\$ 10.50
Gain/(Loss):	\$ (300,000)

Financial Instrument Impact: \$ 2,700,000 Gain

Original Expected Physical Cost: \$ 6,000,000 (100,000 barrels x \$60/barrel) HFO burn  
 New Expected Physical Cost: \$ 7,500,000 (20,000 mmbtu/day x 30days x \$12.50/mmbtu) Natural gas burn

Cost of generation at end of Time 1: \$ 4,800,000 (\$7,350,000 physical less gain on financial of \$2,850,000)

**REDACTED**

---

1 **Request IR-60:**

2

3 **With respect to direct evidence**

4

5 **a) For fuel oil and natural gas, please provide summaries of quantities hedged, types of**  
6 **hedging instruments used, the amounts of any premium payments made to buy**  
7 **hedges, counter-party, and settlement payments paid or received for the last quarter**  
8 **of 2006, 2007 and 2008 year-to-date.**

9 **b) Please use the format used in the Company's response to DR-156 in the affiliate-**  
10 **transactions audit conducted by The Liberty Consulting Group, adding a data field**  
11 **for the date of each transaction.**

12 **c) Please provide this information in hard copy and electronically in Microsoft Excel**  
13 **format.**

14 **d) Please list NSPI's principal counter-parties for its hedging activities, ordered from**  
15 **the largest to the smallest.**

16

17 **Response IR-60:**

18

19 **a-c) Please refer to Confidential Attachment 1.**

20

21 **d) Please refer to Confidential Attachment 2.**

**NON-CONFIDENTIAL**

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1 **Request IR-61:**

2

3 **With respect to direct evidence**

4

5 **a) Please provide sample copies of each regular (e.g., weekly, monthly) report by NSPI**  
6 **staff to the Company's Risk Management Committee for fuel costs.**

7 **b) Please provide access to the complete files of each such report.**

8

9 **Response IR-61:**

10

11 a-b) This confidential information can be viewed in NSPI offices. To protect confidential  
12 customer-specific information, customer names have been redacted.

13

14

**REDACTED**

---

1 **Request IR-62:**

2

3 **With respect to direct evidence, Figure 2.6, Page 24**

4

5 **a) Please provide the pricing data that is plotted in that figure.**

6 **b) Please show the build-up of the data from forward price curves, transportation**  
7 **costs, in-place hedges and any other adjustments used in developing the data.**

8

9 Response IR-62:

10

11 Please refer to Confidential Attachment 1.

**REDACTED**

---

1 **Request IR-63:**

2  
3 **With respect to direct evidence, Page 28. The Company reports that it "... has included a**  
4 **provision of approximately [REDACTED] SOEP maintenance and associated spot gas**  
5 **purchases in 2009 driven by unplanned supply disruptions."**

6  
7 a) **Please provide details of the basis [REDACTED] allowance for this item.**

8  
9 b) **Please identify where the item occurs in Confidential Exhibit OE-01L, Attachment**  
10 **1, page 1.**

11  
12 **Response IR-63:**

13  
14 a) This item is calculated by examining historic disruption events and associated costs and a  
15 forecast for planned production outage costs. NSPI used the time frame of January 2006  
16 to March 2007 (15 months). The Company calculated the difference between original  
17 price of the gas and the cost of buy-back, as well as stranded pipeline capacity.

18  
19 The cost associated with the planned production outage includes: stranded pipeline, lost  
20 resale margin, replacement fuel cost and replacement energy cost.

21  
22 b) This item does not appear in Confidential Exhibit OE-01L. This Exhibit is a volumetric  
23 measure. The [REDACTED] allowance is a financial adjustment only, there is no volume  
24 associated with it.

**NON-CONFIDENTIAL**

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1 **Request IR-64:**

2

3 **With reference to Mr. Crook's testimony at p. 64 of the Company's Application. Please**  
4 **identify the Liberty recommendation and Board order in NSUARB P-882 pursuant to**  
5 **which Brant Energy was used as the agent for selling NSPI's gas.**

6

7 Response IR-64:

8

9 The 2006 rate case NSUARB-NSPI -P-882 Decision. Liberty Recommendation 11, Pg 14:

10

11 "NSPI should immediately bid on a fully competitive and arm's-length  
12 basis its sale of excess natural gas for a one-year term, and should arrange  
13 for and coordinate that bidding ..."

14

**REDACTED**

---

1 **Request IR-65:**

2

3 **With respect to Pages 64 – 70, direct evidence. With reference to Mr. Crook’s testimony**  
4 **regarding the Company’s natural gas sales at pp. 64-70 of the Company’s Application,**  
5 **please provide month-by-month data on how much gas was purchased by the Company’s**  
6 **energy-marketing affiliate (referred to in Mr. Crook’s testimony as EES), how much by**  
7 **██████████, and how much by each other purchaser, under the Company’s Summer**  
8 **2007 gas-sales program, and to date under the full-year program that began November 1,**  
9 **2007.**

10

11 **Response IR-65:**

12

13 Please refer to Confidential Attachment 1.

**NON-CONFIDENTIAL**

---

1 **Request IR-66:**

2

3 **With respect to Page 67, direct evidence. With reference to Mr. Crook's testimony**  
4 **regarding the Company's natural gas sales at page 67 of the Company's Application,**  
5 **please provide a copy of the relevant sections of Liberty's report on affiliate transactions,**  
6 **and please identify the passage in that report in which "Liberty ... concluded that the**  
7 **whole solicitation was sufficient to obviate its concerns about previous solicitations."**

8

9 Response IR-66:

10

11 The passage referred to in the request is:

12

13 Liberty found the market-outreach efforts of NSPI to be a sound and  
14 effective step. Liberty found the RFP to be appropriately structured, and  
15 issued to a sufficient number of potential bidders. Participation was  
16 robust; Liberty found it sufficient to obviate concerns about previous  
17 effects of prior solicitations on participation.<sup>1</sup>

18

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<sup>1</sup> Liberty Consulting Group "Audit of Relations and Transactions among Nova Scotia Power and its Affiliates Final Report." May 14, 2007, Page 36.

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1 **Request IR-67:**

2

3 **With respect to direct evidence. With reference to Mr. Crook’s testimony, please identify**  
4 **Liberty’s previous filings in which Liberty has noted NSPI’s “great progress ... in the**  
5 **transparency and efficiency of its re-sales process”, as stated on page 69 (lines 21-22) of the**  
6 **Company’s Application.**

7

8 Response IR-67:

9

10 Mr. Crook based his statement on the series of approving statements made in the Liberty Report  
11 on Affiliate Transactions<sup>1</sup>.

12

13 “Discussions with NSPI through February of 2007 confirmed that NSPI’s activities, supported  
14 by the consultant, were being designed to make significant progress on both the questions of  
15 structure and NSPI ‘outreach’.” p. 23

16

17 “Liberty found this effort and the recommendations encouraging, which Liberty expressed to the  
18 NSUARB in its Evidence in the Company’s 2007 Rate Case.” p. 24

19

20 “Liberty found that these activities generated a strong level of interest from current market  
21 participants and others planning to become active.” p. 24

22

23 “Liberty had earlier expressed concern about whether a change to a truly competitive approach to  
24 gas sales could be expected to produce immediate results at a level that would generate comfort  
25 about the robustness of participation. The results mitigate that concern.” p. 25

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<sup>1</sup> Audit of Relations and Transactions Among Nova Scotia Power and its Affiliate Final Report, dated May 14, 2007.

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1 Response IR-67: (cont'd)

2

3 “Liberty found the market-outreach efforts of NSPI to be a sound and effective step.” p. 36

4

5 “Liberty found the RFP to be appropriately structured and issued to a sufficient number of  
6 potential bidders.” p. 36

7

8 “Participation was robust. . . .” p. 36

9

10 “The quantitative analysis of bids and the effort to assemble bid pieces from multiple offers into  
11 the most effective package were sound and appropriate.” p.36

12

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1 **Request IR-68:**

2

3 **With respect to Pages 70-74, direct evidence. Please provide copies of the report, dated**  
4 **October 31, 2007, referenced at lines 4 and 5 on page 71, and the subsequent analysis,**  
5 **provided to John Antonuk of The Liberty Consulting Group under cover of a**  
6 **memorandum from Mark Sidebottom, dated March 31, 2008, as subsequently corrected on**  
7 **or about April 18, 2008.**

8

9 Response IR-68:

10

11 This confidential information can be viewed at NSPI offices.

**REDACTED**

---

1 **Request IR-69:**

2

3 **With respect to direct evidence. Attached are two spreadsheets that Liberty compiled from**  
4 **data in ICFI's Memorandum of March 31, mentioned in the previous question, and data**  
5 **that Liberty was provided during Liberty's audit of NSPI's affiliate transactions,**  
6 **particularly Data Request No. 162, revised response dated February 1, 2007, and invoices**  
7 **from NSPI to its affiliate Emera Energy Services/Emera Energy Inc., and from the affiliate**  
8 **to NSPI. Please verify the data in the spreadsheets, and supplement that data with the same**  
9 **information for swing-swap transactions that have occurred since the last transactions in**  
10 **the attached spreadsheets (December 2006) to the present.**

11

12 Response IR-69:

13

14 NSPI has reviewed the attached spreadsheets and has provided updated information in  
15 Confidential Attachments 1 and 2. This information is provided in the same format as Data  
16 Request No. 162 for comparability and includes transactions to the present.

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1 **Request IR-70:**

2

3 **With respect to direct evidence. Please explain why the price data for the swing-swap**  
4 **transactions reported in ICFI's Memorandum of March 31 does not match the price data**  
5 **for the same months in the Company's response to Data Request No. 156 in Liberty's audit**  
6 **of NSPI's affiliate transactions.**

7

8 Response IR-70:

9

10 The difference between the two data sets is a result of the following:

11

12 1) The ICF International (ICFI) pricing is an average of the transaction for a month whereas  
13 Data Request No. 156 consists of a set of discrete prices for each transaction.

14

15 2) The ICFI data set calculated a synthetic value where actual transaction prices were  
16 available.

17

**REDACTED**

---

1 **Request IR-71:**

2

3 **With respect to direct evidence. Please provide the analysis of the effect of a swing swap**  
4 **under upset conditions that was provided to Liberty under cover of an e-mail, dated May**  
5 **23, 2008, from Mark Sidebottom to John Adger.**

6

7 Response IR-71:

8

9 Please refer to Confidential Attachment 1.

**NON-CONFIDENTIAL**

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1 **Request IR-72:**

2

3 **With respect to Confidential Exhibit SFR, OE-01A, Attachment 1, Page 14 of 16. Please**  
4 **explain the following:**

5

6 a) **"Stranded Transportation": What is this, and how is the cost allowance derived?**

7 b) **"Other": What is this, and how is the cost allowance derived?**

8

9 Response IR-72:

10

11 a) "Stranded Transportation" reflects Canadian pipeline tolls based on the difference in  
12 quantity of natural gas that is actually consumed and resold versus the fixed quantity of  
13 natural gas that is specified in the contract.

14

15 b) "Other" is the forecasted pipeline imbalance charges.

16

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1 **Request IR-73:**

2

3 **With reference to Confidential Exhibit SFR, OE-01I**

4

- 5 **a) Please provide the same information for fuel oils (HFO and LFO) and natural gas.**  
6 **For natural gas, please provide copies of NSPI's transportation agreements with**  
7 **M&NP-CA, concluded pursuant to the pipeline's NEB Gas Tariff.**
- 8 **b) Please identify any options or rights of first refusal that NSPI has with respect to the**  
9 **capacity currently under contract.**

10

11 **Response IR-73:**

12

- 13 a) NSPI purchases Heavy Fuel Oil (HFO) and Light Fuel Oil (LFO) as delivered products.  
14 Movement of HFO between plants is done through a requirements contract. This  
15 confidential information can be viewed at NSPI offices (filed under Liberty IR-15). For  
16 the M&NP-CA, this confidential information can be viewed at NSPI offices.
- 17
- 18 b) All deliveries of HFO and LFO are 100 percent at NSPI's option.

**REDACTED**

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1 **Request IR-74:**

2

3 **With respect to Confidential Exhibit SFR, OE-01L, Attachment 1, Page 1. Please explain**  
4 **why the fuel losses estimated for each month of 2009 are so much larger than the estimated**  
5 **losses for the corresponding months of 2008 and the actual losses for the counterpart**  
6 **months of 2007. Similarly, Confidential Exhibit OE-01Q shows a much higher number for**  
7 **“Other Adjustments” under Gas Volumes for 2009 than for the earlier years. Please**  
8 **explain.**

9

10 Response IR-74:

11

12 The forecasted increase in fuel losses for 2009 is based on communications with Maritimes &  
13 Northeast Pipeline (M&NP) regarding anticipated loss factors in 2009. It was anticipated that  
14 losses would increase from [REDACTED].

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1 **Request IR-75:**

2

3 **With respect to Confidential Exhibit SFR, OE-01M, Attachment 1. For each type of**  
4 **transaction, please provide any extant analysis conducted by the Company of its**  
5 **compliance with the Board-approved Code of Conduct governing affiliate transactions. For**  
6 **any transactions for which an analysis has not been performed, describe the transaction in**  
7 **detail, and provide an analysis of its compliance with the Code.**

8

9 Response IR-75:

10

11 This confidential information can be viewed at NSPI offices (filed under to Liberty IR-15 and  
12 Liberty IR-68).

13

**REDACTED**

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1 **Request IR-76:**

2

3 **With respect to direct evidence. Please provide copies of reports on each internal and**  
4 **external evaluation of the Company's compliance with the Board-approved Code of**  
5 **Conduct for affiliate transactions that was conducted in 2006, 2007 or 2008 year to date.**

6

7 Response IR-76:

8

9 Please refer to the following Attachments:

10

11 Confidential Attachment 1 – Code of Conduct audit report for 2005

12 Confidential Attachment 2 – Code of Conduct audit report for 2006

13 Confidential Attachment 3 – Code of Conduct audit report for 2007

14 Confidential Attachment 4 – Affiliate audit report 2007

15