

2009 General Rate Application (NSUARB P-888)  
NSPI Responses to UARB Compliance Filing Information Requests

**REDACTED**

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1 **Request IR-1:**

2

3 **Reconcile the changes to Rate Base in RB 2-16 to those in Appendix 1, page 2 of 16.**

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5 Response IR-1:

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7 The proposed rate base was reduced by \$3.6 million.

8

9 Please refer to Redacted Attachment 1.

10

Reconciliation of the changes to Rate Base in RB-2-16 to those in Appendix 1, page 2 of 16

(in millions)	Corresponding RB 2-16 Line Number	Weighted Average Cost of Capital <sup>4</sup>	Change in Rate Base
Rate Base Adjustments listed on Appendix 1 pg. 2 of 16			
1. <b>Rate Base (\$0.8M)</b> Decrease of average rate base by \$8M to remove fuel deferral	12	8.23%	(0.7)
2. <b>Rate Base (\$3.0M)</b> Reduction of average CWC rate base by \$37.1M	18 and 19	8.23%	(3.0)
3. <b>Rate Base \$0.2M</b> Increase of average DSM unamortized rate by \$1.1M	13	8.23%	0.1
<b>TOTAL</b>			<b>(3.6)</b>
Total Rate Base Change per Appendix 1 Page 2 of 16			<b>(3.6)</b>

<sup>1</sup> Per Appendix 2 page 1 of 18, Line 12, Column (2)  
<sup>2</sup> Per Appendix 2 page 1 of 18, Lines 18&19, Column (2)  
<sup>3</sup> Per Appendix 2 page 1 of 18, Line 13, Column (2)  
<sup>4</sup> Per Appendix 2 page 1 of 18, Line 26, Column (2)

2009 General Rate Application (NSUARB P-888)  
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**REDACTED**

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1 **Request IR-2:**

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3 **Explain how the Average Regulated Rate Base under Compliance Rates (RB 2-16, Col 2,**  
4 **Line-24) is calculated.**

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6 Response IR-2:

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8 The 2008 Forecast and the 2009 Compliance Regulated Rate Base amounts are averaged.

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10 Please refer to Redacted Attachment 1.

11

## Calculation of Average Regulated Rate Base under Compliance Rates:

	Compliance Rates Test Year Forecast 2009
Net Regulated Plant in Service	\$2,408.5
Plus: Construction work in progress	70.1
<hr/> Net Utility Fixed Assets	<hr/> 2,478.6
Add:	
Deferred Charges & Credits	
Financing Charges	114.3
Tax Charges	104.2
Pension Charges	(0.7)
Steam Plant Charges	0.2
Other General Charges	11.1
Asset Retirement Obligation	(92.4)
Other Deferred Credits	(3.1)
<hr/> Allowance for materials and supplies	<hr/> 116.1
Allowance for working capital	68.8
Allowance for working capital - Settlement Agreement Adjustment	(40.9)
<hr/> Total additions	<hr/> 388.2
<hr/> <b>Regulated Rate Base</b>	<hr/> <b>\$2,866.8</b>
<hr/> <b>Average Regulated Rate Base*</b>	<hr/>

\*(2008F Regulated Rate Base + 2009C Regulated Rate Base) / 2

**NON-CONFIDENTIAL**

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1 **Request IR-3 and IR-4:**

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3 **3) Provide the details of how the adjustment to income tax (FOR-01, Line 30) was**  
4 **determined.**

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6 **4) Provide an update to OE 10-11.**

7

8 Response IR-3 and IR-4:

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10 Please refer to Attachment 1.

11

**Nova Scotia Power Inc.**  
**Tax Calculations**  
**Years Ended December 31st**  
**Millions of Dollars**

OE-10-11

**Compliance Filing - 2009 Rate Case**

1	(1)	(2)	(3)
2	<b>Proposed</b>	<b>Compliance</b>	
3	<b>Rates</b>	<b>Rates</b>	
4	<b>Test Year</b>	<b>Test Year</b>	
5	<b>Forecast</b>	<b>Forecast</b>	
6	<b>2009</b>	<b>2009</b>	<b>Change</b>
7 <b>Corporate Income Tax Calculation:</b>			
8 Net Income Before Tax	\$183.7	\$178.0	(\$5.7)
9 Add: Depreciation	145.0	145.0	-
10 Accounting Amortization of financing costs	13.4	13.4	-
11 Pension Expense	25.7	25.7	-
12 Regulatory Amortization	16.1	16.1	-
13 Non-deductible expenses	6.5	4.4	(2.1)
14 <b>Total Additions</b>	<b>206.7</b>	<b>204.6</b>	<b>(2.1)</b>
15 <b>Subtotal</b>	<b>390.4</b>	<b>382.6</b>	<b>(7.8)</b>
16 Less: Interest capitalized for accounting	7.6	7.6	-
17 Financing cost deductions	11.3	11.3	-
18 Regular Pension Funding	11.5	11.5	-
19 Settlement Agreement Fuel Deferral	-	-	-
20 Capitalized Overhead	-	-	-
21 Other	21.1	25.1	4.0
22 <b>Total Deductions before CCA</b>	<b>51.5</b>	<b>55.5</b>	<b>4.0</b>
23 <b>Net Income for tax purposes before CCA</b>	<b>338.9</b>	<b>327.1</b>	<b>(11.8)</b>
24 CCA	142.1	142.1	-
25 <b>Net Income for Tax purposes</b>	<b>196.8</b>	<b>185.0</b>	<b>(11.8)</b>
26 Part VI.1 Deduction	16.9	16.9	-
27 <b>Taxable Income</b>	<b>179.9</b>	<b>168.1</b>	<b>(11.8)</b>
28 Part VI.1 Deduction	16.9	16.9	-
29 <b>Income for tax expense calculations</b>	<b>196.8</b>	<b>185.0</b>	<b>(11.8)</b>
30 Federal Income tax	37.3	35.1	(2.2)
31 Provincial Tax	31.5	29.6	(1.9)
32 Part VI.1	(0.3)	(0.3)	-
33 <b>Total Income Tax Before Adjustments</b>	<b>68.5</b>	<b>64.4</b>	<b>(4.1)</b>
34 Add: Adjustments for tax returns	-	-	-
35 <b>Total Corporate Income Tax Expense</b>	<b>68.5</b>	<b>64.4</b>	<b>(4.1)</b>
36 <b>Provincial Capital Tax Calculation:</b>			
37 Common Shares	830.6	830.6	-
38 Preferred Shares	260.0	260.0	-
39 Legal Retained Earnings	160.9	142.8	(18.1)
40 Short Term Notes Payable	291.7	261.4	(30.3)
41 Holdbacks	0.2	0.2	-
42 Long Term Debt	1,334.1	1,334.1	-
43 Dividends Payable	3.2	3.2	-
44 Asset Restoration Obligation	92.4	92.4	-
45 Hedging derivatives and held for trading derivatives	111.6	111.6	-
46 Unamortized Bond Premium (Discount)	13.0	13.0	-
47 Customer Deposits	12.2	12.2	-
48 <b>Total</b>	<b>3,109.9</b>	<b>3,061.5</b>	<b>(48.4)</b>
49 Provincial Capital Tax Rate	0.175%	0.175%	
50 Less adjustments for tax return	-	-	
51 <b>Provincial Capital Tax Expense</b>	<b>5.4</b>	<b>5.3</b>	<b>(0.1)</b>
52			
53 <b>TOTAL TAX EXPENSE</b>	<b>\$73.9</b>	<b>\$69.7</b>	<b>(4.2)</b>

**Notes:**

54 1) Figures presented reflect whole numbers which may cause \$0.1M in rounding differences on some line items.