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1 **Request IR-22:**

2
3 **Reference: (M-2) Page 14:**

4
5 **CITATION:**

6
7 **In summary, the Maritime Link Project will give Nova Scotia access to reliable, renewable**
8 **energy at a predictable price from Phase 1 of Nalcor's Lower Churchill hydroelectric**
9 **development in Labrador (Lower Churchill Project Phase 1 or LCP Phase 1), will allow**
10 **Nova Scotia to meet new Federal regulatory requirements focused on greenhouse gas (GHG)**
11 **emission reductions and will assist in meeting Nova Scotia's Renewable Electricity**
12 **Standards.**

13
14 **Question 1:**

15
16 **What is that predictable price?**

17
18 **Response IR-1:**

19
20 **The predictable price is \$1.52 B with a variance of up to \$60 million for 35 years. This is**
21 **based on the 20 For 20 Principle (Please refer to Liberal IR-11). This price is predictable**
22 **for 35 years since it does not vary with fuel prices for the entire period. Also, the Maritime**
23 **Link provides direct access to Surplus Energy, which requires no additional capital**
24 **investment to access for 50 years.**

25
26 **1 Perhaps I misunderstood the wording of the citation. My question was meant to ask**
27 **what is the price that ratepayers will pay for energy through the Maritime Link? I**
28 **have further defined the question and present the following preambles and citations**
29 **as clarification:**

30
31 **Preamble 1:**

32
33 **On March 11, 2013, NSPML introduced more than 20,000 pages of additional**
34 **evidence to support the Maritime Link Project. The Nova Scotia Government has**
35 **restricted perusal of these 20,000 pages of evidence to a mere 40 business hours. Due**
36 **to technical issues, the UARB has allowed an additional 3 hours of time to submit**
37 **IR's. However, perusal, understanding and questioning of 20,000 plus pages of**
38 **additional evidence, much of it very technical data, and much of it in the form of**
39 **very complex spreadsheets, in a mere 43 hours is physically and mentally impossible**
40 **for one person. Therefore, the Lower Power Rates Alliance will not question the**
41 **additional evidence provided by NSPML on March 11, 2013, and will ask only a few**
42 **simple questions.**

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1 **Citation 1:**

2
3 The increase related to this project (Maritime Link) will be less than one per cent a year for
4 the first five years of the project (2018-2022). That comes to approximately \$1.50 a month
5 for the average bill in each of the first five years. Then after that, it will be stable or
6 declining for the remaining 30 years.—*Chris Huskison, Emera president, Jan.25, 2013, on*
7 *the Maritime Link filing*

8
9 **Source:** <http://www.cbc.ca/ns/features/maritime-link/>

10
11 **Citation 2:**

12
13 What the filing will say is that the impact on rates for Nova Scotians will be less than one per
14 cent for the first five years and then stable and then decline over the balance of the life of the
15 contract with Maritime Link *Darrell Dexter, Premier of Nova Scotia, January 25, 2013, on the*
16 *Maritime Link filing*

17
18 **Source:** [http://www.cbc.ca/news/canada/nova-scotia/story/2013/01/24/ns-musktrat-falls-
19 rate-increase-dexter.html](http://www.cbc.ca/news/canada/nova-scotia/story/2013/01/24/ns-musktrat-falls-rate-increase-dexter.html)

20
21 **Citation 3:**

22
23 Power users are being asked to pay an extra one per cent a year for five years, starting in
24 2018, to fund the Maritime Link Project.

25
26 Officials with Emera Inc., Nova Scotia Power's parent company, said Friday the project it's
27 developing won't result in rate hikes after that.

28
29 In fact, the Halifax energy company believes its foray into Labrador hydroelectricity could
30 help lower rates after 2022.

31
32 "While we're not applying for that rate right now, we are confident in what we believe the
33 rate impact will be." *Nancy Tower, chief executive officer of Emera Newfoundland and*
34 *Labrador*

35
36 Emera wants to add 0.95 per cent a year to power bills between 2018 and 2022. That's an
37 extra \$1.50 a month on the average household's power bill in each of the link's first five
38 years of operation, the project developer said.

39
40 In the four years after that, Emera predicts the Maritime Link will help lower rates by an
41 average of 0.4 per cent annually.

42
43 A projected rate impact beyond 2027 wasn't available, but officials said they expect either no
44 impact on rates or further reductions for the rest of the 35-year deal.

45
46 **Source:** [http://thechronicleherald.ca/business/527867-maritime-link-could-add-1-to-power-
47 bills](http://thechronicleherald.ca/business/527867-maritime-link-could-add-1-to-power-bills)

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1 **Citation 4:**

2
3 That represents 8 to 10 per cent of Nova Scotia's power supply. Emera is projecting that
4 Nova Scotia will import 30 per cent of its power through the link.

5
6 As an energy price, the \$1.5 billion works out to eight cents per kilowatt hour, Emera said.
7 That's based on 2017 energy price forecasts and assumes that Nova Scotia Power is getting
8 one-third of its electricity from Labrador or other imports.

9
10 In comparison, residential customers currently pay 13.79 cents per kilowatt hour, including
11 fuel costs.

12
13 Rate hikes related to the cable project would require a separate approval from the regulator.

14
15 If the board approves the capital project, a rate filing would be made in 2017 to determine
16 exactly when and how customers would pay, Emera said.

17 **Source:** [http://thechronicleherald.ca/business/527867-maritime-link-could-add-1-to-power-](http://thechronicleherald.ca/business/527867-maritime-link-could-add-1-to-power-bills)
18 [bills](http://thechronicleherald.ca/business/527867-maritime-link-could-add-1-to-power-bills)

19
20 **Preamble 2:**

21
22 To make the above statements and the following question crystal clear,
23 unambiguous and easily understood by all, I have defined certain words and
24 terms so as to be 100% positive there can be no misunderstanding of the
25 question, and to ensure that the answer is not ambiguous and could not be
26 misunderstood by the average NSPI ratepayer to mean anything but what
27 was said:

28
29 **Increase:** to become progressively greater (as in size, amount, number, or intensity),
30 to make greater.

31
32 **Related:** Belonging to the same family, group, or type; connected, associated with
33 the specified item or process,

34
35 **Less than:** Not equal too, or not as much as the previous number or amount,
36 constituting a more limited number or amount.

37
38 **Project (Maritime Link):** M05419 – The Maritime Link Project, specifically: the
39 application by NSP Maritime Link Incorporated (NSPML) for Approval of the
40 Maritime Link, and The Maritime Link Act, S.N.S. 2012, c.9, and the Maritime
41 Link Cost Recovery Process Regulations, N.S. Reg. 189/2012, as amended.

42
43 **Approximately:** Nearly correct or exact; (of quantities) imprecise but fairly close to
44 correct; about.

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1 **Average:** The result obtained by adding several quantities together and then
2 dividing the total quantities by the number of quantities; the mean.

3
4 **Bill:** An amount of money owed for goods supplied or services rendered, set out in a
5 printed or written statement of charges. In the context used in the citations, it
6 appears to mean a month, however, it is noted that the average bill by NSPI covers a
7 bimonthly period, occurring every two months.

8
9 **Each:** Every one of two or more people or things, regarded and identified
10 separately; to, for, or by every one of a group.

11
12 **The first five years:** The period of time between between 2018 and 2022.

13
14 **Then after that:** From the specified time onward; from then on, after that, then,
15 next, afterwards, subsequently, following that. In the context of the citations, it
16 means the period beyond the year 2022, or from the year 2023 onward.

17
18 **Stable:** Firmly established, not likely to change, not changing or fluctuating.

19
20 **Declining:** Becoming smaller, fewer, or less.

21
22 **Preamble 3:**

23
24 At \$1.50 per month over 35 years, ratepayers will have paid a total of about
25 \$311 million dollars. At a cost of about \$1.55 billion dollars, (the average of
26 \$1.52 and 1.58 billion dollars), \$1.24 billion dollars will still be owed. At the
27 rate of \$1.50 per month, it will take just over 172 years to pay off \$1.55
28 billion dollars, and that's without interest, inflation, or cost over-runs.

29
30 **Preamble 4:**

31
32 Emera wants to add 0.95 per cent a year to power bills between 2018 and
33 2022. That's an extra \$1.50 a month on the average household's power bill in
34 each of the link's first five years of operation

35
36 **Preamble 5:**

37
38 Rate hikes related to the Maritime Link project would require separate approval
39 from the UARB.

40
41 **Question 1 a:**

42
43 How do you expect that the \$1.24 billion dollars plus remaining after 35 years will get
44 paid?
45

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1 **Question 1 b:**

2
3 **How can you responsibly cost and build plant and facilities without knowing the income to**
4 **cost ratio, how the cost will be amortized and what time frame it will be amortized over?**

5
6 **Question 1 c:**

7
8 **As Will you guarantee to the NSP ratepayer that the quoted rate of 0.95%, \$1.50 per**
9 **month, \$3.00 per billing period will be the maximum increase that Emera/NSP will ask for**
10 **in the first 5 years, from 2018 to 2022, and that it will remain stable at 0.95%, \$1.50 per**
11 **month, \$3.00 per billing period or decline by 0.4% each year in the 30 years following 2022,**
12 **being to and including the year 2052?**

13
14 **Question 1 d:**

15
16 **Ms. Tower stated “While we’re not applying for that rate right now, we are confident in**
17 **what we believe the rate impact will be.”**

18
19 **Based on the 2017 energy price forecasts and assuming that Nova Scotia Power is getting**
20 **one-third of its electricity from Labrador or other imports, how much money, in terms of**
21 **cents per kWh, will it cost Nova Scotia Power ratepayers for the energy received through**
22 **the Maritime Link cable, a “\$1.52 B with a variance of up to \$60 million” investment by the**
23 **Nova Scotia Power ratepayer, in January, 2018?**

24
25 **Question 1 e:**

26
27 **As rate hikes related to the Maritime Link project, which will provide 8 to 10% of our**
28 **energy requirements, will require separate approval from the UARB, will NSP show a**
29 **separate section on the monthly/bimonthly bills indicating the cost of the 8 to 10% of**
30 **energy provided during the billing period, which will be at a different cost than the**
31 **remaining 90 to 92%, which will require yet an additional hearing by the UARB to**
32 **approve rate hikes?**

33
34 **Response IR-22:**

35
36 (a-b) On line 3 of Citation 1 above, it is noted that the \$1.50 per month per customer is the
37 *incremental* cost projection to NS customers resulting from the Maritime Link Project. In
38 determining this amount, the total cost to develop the Maritime Link (estimated capital
39 cost of \$1.52 billion - which includes an estimate of price escalation/inflation and
40 contingency - as well as all costs of financing, O&M, income tax, etc.) is partially offset
41 with cost savings that will result in NS Power when the avoided cost of generated energy

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1 that is being replaced is taken into account. As noted in NSUARB IR-102, that net
2 savings in NS Power (net of purchasing surplus energy and the fuel cost savings) is
3 estimated to be \$100 million in 2018. For clarity, and as reflected in the Financial Model
4 (Appendix 4.01 to the Application), 100 percent of the cost of the Maritime Link Project
5 will be recovered from NS customers over 35 years. The model shows that there is not
6 any cost remaining to be recovered at the end of this term.

7
8 (c) The \$1.50 amount relates to the incremental cost recovery associated with the Maritime
9 Link and is a projection based upon information available at the present time and given
10 current economic and environmental regulations. It is expected that NSPML will file an
11 application to set its revenue requirement and assessment associated with the Maritime
12 Link prior to the ML becoming operational (likely in 2017).

13
14 (d) Please refer to the response to NSUARB IR-37 (c) and the related Attachment 1. In
15 particular, the tab titled "Figure 4-4" shows that the projected cost in 2018 is
16 \$83.85/MWh or 8.4 cents/kWh.

17
18 (e) As a separate regulated utility, NSPML's costs for the NS Block will be clearly known as
19 it will be the subject of a regulatory process independent from that of NS Power. That
20 cost will be charged to NS Power through an assessment. It has not yet been determined
21 what amounts will be isolated on customer bills.