MUNICIPAL ELECTRIC UTILITIES OF NOVA SCOTIA CO-OPERATIVE LTD. MEETING MINUTES

November 17, 2010 10:00 a.m. Brightwood Golf Course, Dartmouth

PRESENT:

Riverport Electric: Valerie Romkey, Manager.

Town of Antigonish: Mayor Carl Chisholm; and Tom Wadden, Comptroller.

Town of Berwick: Don Regan, Electric Utility Superintendent; and Howard Hall, Berwick Electric Commission.

Town of Lunenburg: Mayor D. Laurence Mawhinney (arrived 10:40 a.m); Bea Renton, CAO; Raymond Francis, Electric Utility Superintendent; and Elana Wentzell, Finance and Accounting Director.

Town of Mahone Bay: Mayor Joe Feeney, Chair; Jim Wentzell, CAO; and Councillor Karl Nauss.

MEUNS Consultant: Al Dominie (arrived 10:55 a.m.).

REGRETS: Mayor Frank Fraser, Town of Canso.

1. <u>Welcome and Introductions - Mayor Joe Feeney, Town of Mahone Bay,</u>
Chair

The Chair called the meeting to order at 10:02 a.m.

2. Approval of Agenda and Additional Agenda Items

Motion: moved and seconded to approve the agenda. Motion carried.

3. Approval of June 16, 2010 Meeting Minutes

Motion: moved and seconded to approve the June 16, 2010 meeting minutes. Motion carried.

4. Presentations

Don said Allan Crandlemire, Efficiency Nova Scotia Corporation Interim Executive Director, will attend the next meeting to make a presentation

5. Unfinished Business

(a) NSURB and UNSM/HRM Meeting Update

It was agreed to ask NSURB members for a meeting with Co-op representatives. Don will arrange this meting. Agenda topics include: DSM - MEUNS project results; Efficiency NS Corporation start-up and relationships with MEUNS; proposal for an NSURB appointed/funded MEUNS advocate at NSURB hearings; alternative energy market opportunities; etc.

(b) Co-op Cost Sharing Agreement - Jim

Motion: moved and seconded to adopt the revised Co-op cost sharing formula effective October 1, 2010 (Schedule "A"). The formula will be adjusted October 1 of every year based on previous year's actuals. Motion carried.

Bea noted that there are no Town of Lunenburg voting representatives present so the Lunenburg Town Council will have to consider this motion and advise of their decision.

(c) Alternate Energy Supplier Call for Proposals Update

Don reported that he and Jim met with Sprott Energy and Minas Basin Pulp and Power. They are still proposing a wind turbine project at Hamilton Mountain and they would sell the power generated to MEUNS. They estimate that they could supply one-third of our total demand. If this occurs, we could then access hydro power out of Quebec.

Tom mentioned that Summerside, PEI has their own wind turbine farm producing 12 MW with a capital investment of \$30.0 M.

We would need 70 - 75 MW electricity to supply our total needs. The feasability of developing our own wind farm utilizing Municipal FCM Green Funds, DSM revenues, etc. was discussed. Antigonish has a possible location at Brown's Mountain.

It was agreed to wait for Sprott Energy and Minas Basin Pulp and Power to respond within the next several weeks to determine if their proposal is feasible and beneficial to MEUNS. If not, MEUNS could consider its own wind turbine project.

10:40 a.m. - Mayor Mawhinney arrived.

(d) LED Street Lighting Tender Call Update

90/234 of Berwick's LRL manufactured LED street lights are installed.

Antigonish's LRL LED street lights have been recalled. Photocells are filling with water and there are lightning arrester problems.

Town of Mahone Bay has received half their order and are installing them.

Town of Lunenburg has amended its plan to convert all HPS street lights to LED because of the long pay back vs. warranty period. Instead, only 29 higher watt lights will be changed, for which the pay back period is shorter.

(e) NSPI FAM and DSM Rate Increase Applications and Impact on Municipalities and Proposal for and NSURB Funded MEUNS Advocate at NSURB Hearing

Deferred for Al to arrive.

Don handed out 2011 DSM charge information (Schedule "B").

(f) Response NSPI - Muni Energy Savings Program Advertising

This will be discussed with Al when he's arrived. (See: #5.(e.) above).

6. New Business

(a) Annual General Meeting - Election of Officers and Approval of Financial Statements to be filed with Provincial Co-operatives Branch

10:55 a.m. - Al arrived.

Motion: moved and seconded that the 2009 MEUNS Executive/Officers be reelected as the 2010/11 MEUNS Executive/Officers: Mayor Feeney, Chair; Mayor Laurence Mawhinney, Vice Chair; and Bea Renton Secretary. <u>Motion carried</u>.

Jim will prepare a financial statement for submission to the NS Co-operatives Branch.

5. Unfinished Business

(e) NSPI FAM and DSM Rate Increase Applications and Impact on Municipalities and Proposal for and NSURB Funded MEUNS Advocate at NSURB Hearing

Al said the DSM rider charge to MUENS for January 1, 2011 - December 31, 2011 is .441¢ for every kwh = 2/10¢ or 2% increase. The total DSM contribution across the Province will grow from \$20. M to \$40. M and is projected to reach \$80. M in 2012. NSPI is no longer the administrator. Instead, Energy Efficiency Nova Scotia Corporation is assuming DSM administrative responsibility under Alan Crandelmire's direction.

Al was at a Provincial DSM meeting this morning and told the representatives that MEUNS members are not fairly represented in these programs. Our customers are not being advised of energy efficiency program funding despite our requests for customized MEUNS promotional materials. Consequently, there is very little uptake in our communities. Where is the MEUNS \$600,000. DSM annual contribution going? Who is accounting for this?

The 2012 DSM hearing will start April 18, 2011 (**Schedule "C"**). It was agreed to make a submission at this hearing to express MEUNS concerns regarding the lack of DSM program funding for MEUNS customers and advertising for same. It was further agreed a MEUNS delegation will meet with Alan Crandlemire as soon as possible to also express these concerns.

11:20 a.m. - a recess was called for. 11:35 a.m. - the meeting reconvened.

Al circulated a draft letter to NSURB expressing MEUNS concerns about NSPI's FAM rate increase (**Schedule "D"**).

Al noted that an overall DSM program monthly report is available on line. It does not break it down by MEUNS member jurisdictions. He noted that we are also excluded in some DSM programs, which are only rolled out to NSPI customers. Municipalities may want to submit their own DSM program costs to NS Energy Efficiency for reimbursement or reduce these costs from our DSM payments.

Al and Don reviewed their FAM submission to NSURB (**Schedule "D"**). NSPI proposes a 13.5% cost increase to MEUNS effective January 1, 2011. This increase still falls within NSPI's allowable 9.55% rate of return. Next year, a general rate of increase may also be filed by NSPI because of \$1.0 B capital work, etc. Al thinks NSURB would allow a 7 - 8 % MEUNS rate of return. We are seeking a 50% deferral in NSPI's FAM rate increase. A similar rate increase proposed for NSPI customers, which is lower than the Municipal rate, should only be charged. This argument will be raised in a separate application.

It was agreed AI and Don will submit Schedule "D" on behalf of MEUNS.

If NSPI's rate increase is approved, Don will share the explanatory note he provides customers with that others can use for their bill inserts.

Bea suggested that MEUNS seek NSURB approval for an NSURB paid special advocate at NSURB hearings due to the time, complexity and cost of same. This has been done for residential and small business customers. It was agreed to add this to the NSURB meeting agenda.

6. New Business

- (b) <u>Proposed Meeting with New Efficiency NS Corporation Representatives</u>
 [See: above.]
 - (c) Summerside, P.E.I. Meeting with P.E.I., N.B. and N.S. Municipal Electric Utilities

Tom and Don reported on their attendance at this meeting. They heard a number of presentations and toured a wind farm. Consideration to hosting the next meeting in NS was discussed.

(d) <u>Time of Day Rate Comparison - Valerie Romkey, Net-Metering and LED Street Light Rate</u>

Al said Riverport was successful in creating a special rate for 400 amp customers.

Net metering rates may have to be established as customer interest grows.

Al spoke of a possible LED street light rate which would be lower than currently charged. Bea expressed concern about this because of the cost of conversion and experimental nature of LED street lights which are experiencing maintenance issues as noted above, and high purchase price. Instead, a reduced NSPI KW cost should be subsidized through the DSM program monies for all estimated power consumed by LED street lights to offset conversion costs.

Valerie asked about programs to help calculate "Time of Day" customer bills. Don and Elana have programs they will share with her.

It was noted that not all Time of Day rate customers are saving money because they are not reducing their power consumption during peak billing periods.

Next Meeting Date

Wednesday, February 9, 2011 at 10:00 a.m.

<u>Adjournment</u>

The meeting was adjourned at 1:55 p.m.

Bea Renton Secretary

Municipal Electric COOP

April 19, 2010

		FINANCIAL	STATEMENT	S 2008/09	
Utility	Present Cost Sharing	Power Purchased \$\$\$	%	Power Revenue	%
Antigonish	49.41%	8,269,845	51.08%	10,120,678	48.44%
Berwick	16,61%	2,355,925	14.56%	3,389,921	16.23%
Canso	5.10%	561,075	3.47%	793,671	3.80%
Lunenburg	18.62%	3,226,699	19.94%	4,286,635	20.52%
Mahone Bay	6.02%	1,071,153	6.62%	1,411,469	6.76%
Riverport	4.24%	700,660	4.33%	887,644	4.25%
TOTALS	100.00%	16,185,357	100.00%	20,890,018	100.00%

Power Revenue includes Revenue from Domestic, General, Commercial, Industrial St Lighting Sales both Public & Private

Jim Wentzell CA() 902-624-8327

SCHEDULE A: DSM COST BECOVERY RIDER CHARGES

In addition to standard energy charges, the following Demand Side Management Cost Recovery Rider (DCRR) charges shall apply for the period January 1, 2011 to December 31, 2011.

DSM Rider Code	Applicable Tariff	DCRR (cents per kWh)
DSM-DOM	Domestic Service	0,466
DSM-DOM TOD	Domestic Service Time-of-Day	0.466
DSM-SM GEN	Small General	0.721
DSM-GEN	General	0.484
DSM-LG GEN	Large General	0.501
DSM-SM IND	Small Industrial	0.214
DSM-MED IND	Medium Industrial	0.328
DSM-LG IND	Large Industrial incl. Interruptible Rider	0.198
DSM-MUNI	Municipal	0.441
DSM-GR&LF	Gen. Replacement & Load Following	0.035
DSM-LOAD RET	Load Retention	NA
DSM-EHV RTP	Extra High Voltage Real Time Price	g NA
DSM-HV RTP	High Voltage Real Time Price	NA
DSM-DIST RTP	Distribution Voltage Real Time Price	NA
DSM-WM BU/TU	Wholesale Mkt. Backup/Top-Up	NA
DSM-ELI 2P-RTP	Extra Lg. Ind. Two-Part RTP	0.081
DSM-AE	Mersey System Additional Energy	0.069
DSM-UNMET	Unmetered Services	0.132

1.0 INTRODUCTION

The Nova Scotia Utility and Review Board (UARB, the Board) approved Nova Scotia Power Inc.'s (NSPI, the Company) Fuel Adjustment Mechanism (FAM) effective January 1, 2009. This Application requests the Board to set new electricity rates that will apply to customers effective January 1, 2011 as follows:

	Actual	Balance	Change in Class
	Adjustment (AA)	Adjustment (BA)	Revenue due to AA /BA
Rate Class	in cents per kWh	in cents per kWh	(%)
Domestic			
Service	0.623	0.111	7.2
Domestic			
Service Time-of-			
Day	0.623	0.111	7.2
Small General	0.681	0.128	7.8
General	0.638	0.116	9.1
Large General	0.582	0.11	10.3
Small Industrial	0.61	0.116	9.4
Medium			
Industrial	0.621	0.124	11.1
Large Industrial	0.529	0.099	11.4
Extra Large			
Industrial Two			
Part Real Time			
Pricing	0.496	0.111	13.0
Municipal	0.575	0.105	10.0
Unmetered	0.603	0.125	4.5
Additional			
Energy	0.447	0.08	10.1

The FAM was designed to adjust customer rates to reflect actual fuel costs associated with providing electricity. NSPI provides the UARB and other stakeholders monthly, quarterly and annual updates that outline the actual cost of fuel against what customers are paying. At the end of each year, the FAM results in either an over-recovery amount (fuel revenue is higher than costs) or an under-recovery amount (fuel revenue is lower than costs) to be refunded or recovered.

NOVA SCOTIA UTILITY AND REVIEW BOARD

NOTICE OF PUBLIC HEARING

NOVA SCOTIA'S ELECTRICITY DEMAND SIDE MANAGEMENT PLAN FOR 2012

Notice is hereby given that the Nova Scotia Utility and Review Board ("the Board") will conduct a hearing respecting an application by Efficiency Nova Scotia Corporation for approval of its Electricity Demand Side Management Plan for 2012. (Demand Side Management refers to activities or programs undertaken by a utility or its customers to influence the amount and timing of electricity usage).

Hearing Commences:

Monday, April 18, 2011

9:00 a.m.

Evening Session:

Monday, April 18, 2011

7:00 p.m.

Place:

Office of the Board

Summit Place

3rd Floor, 1601 Lower Water Street

Halifax, NS

ALL PERSONS are entitled to attend the hearing.

ANYONE WISHING TO HAVE FORMAL STANDING to present evidence or cross-examine witnesses should file notice of such intention with the Board not later than Thursday, November 25, 2010, with evidence to be filed by Friday, April 8, 2011. There is a consultative process commencing November 25, 2010, leading to the hearing commencing on April 18, 2011. The timeline for this proceeding, including the consultative process, is contained in the Hearing Order and is available on the Board's website at: www.nsuarb.ca or by contacting the Clerk at (902) 424-4448, or by fax at (902) 424-3919, or by email at: board@gov.ns.ca.

ANYONE WISHING TO SPEAK at the hearing but not wishing to cross-examine witnesses may appear at the evening session. Presentations will follow the order in which interested persons notify the Board of their intention to appear, such notification to be given to the Board on or before Thursday, April 7, 2011, contact information above. SHOULD NO REQUESTS BE RECEIVED BY APRIL 7, 2011, THE EVENING SESSION FOR MONDAY, APRIL 18, 2011, WILL NOT BE HELD.

ANYONE WISHING TO MAKE COMMENTS IN WRITING may file Letters of Comment with the Board by Thursday, April 7, 2011. Letters should be addressed to the Clerk of the Board at Box 1692, Unit "M", Halifax, NS, B3J 3S3, or by email to: board@gov.ns.ca or by fax at (902) 424-3919.

A copy of the Application may be viewed at the offices of the Board, Summit Place, 1601 Lower Water Street, 3rd Floor, Halifax, NS, or on the Board's website at <u>www.nsuarb.ca</u>, Matter No. M03669.

NOTICE OF INTERVENTION

ORDER

NSUARB-E-ENSC-R-10

NOVA SCOTIA UTILITY AND REVIEW BOARD

IN THE MATTER OF THE PUBLIC UTILITIES ACT - and-

IN THE MATTER OF AN APPLICATION by EFFICIENCY NOVA SCOTIA

CORPORATION for Approval of its Electricity Demand Side Management
Plan for 2012

Please accept this as Notice of Intervention on behalf of the Municipal Electric Utilities of Nova Scotia Co-operative in the matter cited.

The members of the Co-op as purchasers of energy supply from Nova Scotia Power Incorporated are allocated a portion of the costs of the Electricity Demand Side Management Plan. Our interest lies in the amount of the Rider, the access of our customers to the various programs offered, marketing of the programs to our customers and the efficacy of various programs including concerns about TRC ratios, free ridership issues and the level of subsidy offered in some programs.

The Co-op will be represented in this proceeding by Albert Dominie and Don Regan.

Donald Regan

Superintendent

BEC

November 25, 2010

[Draft Intervenor Letter to the UARB]

November 16, 2010

Nancy McNeil Regulatory Affairs Officer/Clerk Nova Scotia Utility and Review Board 3rd Floor, 1601 Lower Water Street Halifax, NS B3J 3P6

Dear Ms. McNeil:

Re: NSPI Actual Adjustment and Balance Adjustment Filing – P-887(2)

On November 12, 2010, NSPI submitted its 2011 Actual Adjustment ("AA") and Balance Adjustment ("BA") filing with the Board and Intervenors pursuant to the FAM schedule. At page 14 of this filing, NSPI indicates that the current under-recovery of 2010 fuel costs, including interest and penalty, is now expected to be \$67.6 million, as opposed to the \$50.8 million submitted as part of NSPI's Base Cost of Fuel ("BCF") Evidence filed on August 16, 2010. This represents a very substantial increase of approximately 33% to the forecast 2011 AA, only a few months after the date of the filing.

In its opening statement during the 2011 BCF Hearing, NSPI noted that it "continued to see upward pressure on 2010 costs". However, NSPI could provide no certainty of the potential magnitude of any increase above \$50 million under cross-examination by counsel for the Avon Group and the Board, and there was no indication provided by NSPI in the 2011 BCF Hearing that the percentage increase would be so significant. As representatives of the formal intervenors who participated in the 2011 BCF Hearing (the Consumer Advocate, the Municipal Electric Utilities, the Avon Group, and New Page Port Hawkesbury Corp. and Bowater Mersey Paper Company Ltd., collectively the "intervenors"), we are understandably very concerned by the size of this additional increase to the forecast 2011 AA only a few weeks after the conclusion of the Hearing.

The schedule in the FAM Plan of Administration (Appendix D) provides intervenors with the opportunity to ask NSPI information requests and submit evidence to the Board on the AA and BA by November 30, and the intervenors will be looking closely at NSPI's justifications for the increases in incurred (and estimated) 2010 fuel costs. However, since the schedule also appears to indicate that the Board's decision on the 2011 BCF should be rendered by November 19, the intervenors also feel it is necessary to highlight the implications of this significant increase in the 2011 AA at this time.

Notably, NSPI's AA and BA filing does not show the impact of the change in the forecast 2011 AA on the significant increases that each customer class now faces on account of the

¹ Ex. N-31, page 3.

² Transcript, page 68, line 17 to page 74, line 23, and page 89, line 20 to page 92, line 2. In response to U-1, NSPI appears to show that the differences in actual under-recovery versus forecast under-recovery for the months of July to September was approximately \$5.3 million.

overall FAM procedures. Based on the information provided on page 15 of that filing, as well as Figure 3.2 from the August 16, 2010 filing, the intervenors have prepared a spreadsheet to estimate this impact, and this is provided as Attachment 1 to this letter. The impact of the compromise ratepayer deferral proposal is also provided for comparison purposes. (Please note these figures assume solely for the purposes of simplicity that NSPI's 2011 BCF Forecast and actual fuel costs are approved by the Board as filed, which is not the position of the intervenors).

As shown in Attachment 1, NSPI's forecasted FAM increases to 2011 rates (absent approval of a deferral) are now 7.7% for the residential class, 11.3% for the municipal class, 13.1% for the large industrial class, and 14.5% for the ELI 2P-RTP class. In fact, with this information now in hand, 8 of the 11 classes are now seeing potential FAM-only increases in excess of 10%. This does not include the forecasted increases on account of DSM, which are shown separately.

The intervenors submit that this additional increase on account of the 2011 AA makes it all the more critical that the Board adopt at a minimum the compromise Ratepayer Deferral Proposal put forward in the 2011 BCF hearing without modification. Even with that proposed deferral, the now anticipated increases are very significant and present critical challenges for ratepayers in difficult economic times.

As discussed in the earlier submissions of the intervenors in this process, acceptance of the Ratepayer Deferral Proposal would result in the deferral of 50% of the overall Board approved increase in costs on account of the FAM procedures, for collection in 2012 and 2013. The magnitude of the FAM increases facing NSPI customers in 2011 are substantial, and deferral of at least 50% of these now increased costs for future collection is essential to mitigate the negative impacts of such large increases on NSPI customers.

The magnitude of the AA increases also further heightens the need for the Board to only approve estimated BCF and actual fuel costs that are fully supported.

Yours sincerely,	
Avon Group	Consumer Advocate
Municipal Electric Utilities of Nova Scotia Cooperative	New Page/Bowater Mersey

		TA AT	TACHMENT 1 - Impact of Undated AA and BA Eding	sact of Undated A A	and BA Utiling			
Rate Classes	Base Cost of Fuel Component (Figure 3.2 - Aug. 16 Filing)	AA Component (Page 15 - Nov. 12 Filing)	BA Component (Page 15 - Nov. 12 Filing)	Total FAM Rate Increase in 2011 with No Deferral - Aug. 16 Filing	Total FAM Rate Increase in 2011 with No Increase in 2011 Deferral - Aug. with No Deferral - 16 Filing Nov. 12 Filing	Total FAM Rate Increase in 2011 - Ratepayer Deferral Proposal (Based on Nov. 12 Filing	<u> </u>	DSM Increase in addition to FAM (from U 2 filed on
					D			OCL. 20)
Residential	0.5%	6.3%	0.9%	6.5%	7.7%	3.9%		2.10%
Small General	0.4%		1.0%	6.9%	8.2%	4.1%		0.80%
General Demand	1.0%		1.1%	8.6%		5.1%		1.90%
Large General	1.5%	9.0%	1.3%	%6.6	11.8%	2.9%		-0.10%
Small Industrial	0.9%		1.2%	8.8%	10.3%	5.2%		0.80%
Iviedium Industrial	1.0%		1.4%	10.2%		6.1%		0.50%
ELI 2PT - RTP	1.5%	11.2%	1.4%	10.9%	13.1%	6.6%		1,20%
Municipal	1.3%	8.8%	1.2%	9.8%	11.3%	5.7%		70000
Unmetered	%9.0	3.9%	0.6%	4.3%	5.1%	2.6%		-1.20%
Mersey Additional Energy	2.0%	8.8%	1.3%	10.0%	12.1%	6.1%		0.50%
					112			