
Nova Scotia Utility and Review Board

NSPI Affiliate Code of Conduct 2008 Report

Filed May 4, 2009

REDACTED

Utility Performance Report
For Year Ended December 31, 2008



Objective	Measure	Actual Dec. 31, 2008	Actual Dec. 31, 2007	Actual Dec. 31, 2006	Notes
Safety	All Injury Frequency (AIF) Rate	1.17	1.22	1.27	Lost Time + Medical Aid injuries per 200,000 person-hours worked.
	Public Electrical Contacts	26	33	35	Primary voltage electrical contacts reported to the Department of Labour.
Increase Customer Satisfaction	Customer Satisfaction Rating Residential	75%	72%	70%	Customers, via survey, rate their overall satisfaction with NSPI. Satisfaction scores represent the percentage of the sample that rate satisfaction 7, 8, 9 or 10 using a one to ten scale. We use an empirical research-based model of customer satisfaction and its drivers. Statistical testing is used to determine if scores have increased, decreased or remained stable relative to previous years.
	Commercial	70%	70%	71%	
Reliability	Outage Performance Index Base	9.72	7.96	7.69	A product of the duration (SAIDI) multiplied by frequency (SAIFI) of outages. 2007 reflects the effects of Tropical Storm Noel. The 2008 numbers reflect a variety of issues including higher than typical amounts of loss-of-supply, lightning and deteriorated plant outages in the Base. In December a severe province-wide snow and wind storm caused widespread outages and also resulted in salt contamination that led to further outages.
	Base + Storm Days	17.85	19.53	11.95	
	Base + Storm + Major Events	46.81	56.30	15.29	
Environment	Significant and Moderate Environmental Incidents	19	25	22	This measure totals Significant and Moderate Environmental Incidents. There were no Significant Environmental Events in 2008, one in 2007, and none in 2006.
Operating Efficiency	Manageable Costs/MWh Sold	\$16.94	\$17.02	\$18.76*	Manageable costs consist of all OM&G and carrying costs on materials. 2006 increase primarily due to reduced load.
	Fuel Cost / MWh Generated	\$37.44	\$34.15	\$25.79	Average unit fuel costs decreased in 2006 mainly due to NSPI's reduced use of higher priced fuels, as a result of a large customer shutting down.
Maintain Confidence of Investment Community	Net Earnings	\$109.6M	\$103.0M	\$107.4M	

* Reflects significantly reduced MWhr output due to a major customer not operating during most of 2006.

**AFFILIATE CODE OF CONDUCT
2008 NSPI/Affiliate Transaction Report**

REDACTED

No.	Goods / Service Provider	Goods / Service Receiver	US Dollars	Cdn Dollars	Short Description	Pricing Mechanism	Price Paid	Description of Price Support
1	Emera Energy	NSPI			Nucleus	Fairly allocated costs	Percentage of total cost of system (depreciation, maintenance fees)	Allocation based on cost driver of number of users
2	Emera Energy	NSPI			NSPI portion of Genscape Mtce.	Fairly allocated costs	Percentage of external bills	
3	Emera Utility Services - Transformers	NSPI			Purchase / maintenance transformers & Mgmt fee.	Fair market value		Based on analysis of commodity market prices and determination of appropriate fees for such items as inventory carrying cost; management fees; disposal fees
4	Emera Utility Services	NSPI			Boom truck rental	Fair market value		Compared to faxed quote from other supplier
5	Bangor Hydro	NSPI			Bangor Hydro employees charging time and expenses to NSPI	Fairly allocated costs		
6	EUS (Cablecom)	NSPI			Line extension work/ Make ready work/ distribution line work	Fair market value	Unit rates based on hourly two-man crew and truck rates	Analysis of various hourly crew market rates based on various levels of workload
7	EUS (Cablecom, F.A.Tucker)	NSPI			Line Work	Fair market value	Unit rates based on hourly two-man crew and truck rates	Analysis of various hourly crew market rates based on various levels of workload
8	Emera Inc.	NSPI			Investor Relations	Fairly allocated costs	Fully allocated costs	
9	Emera Inc.	NSPI			Enterprise Risk Management costs	Fairly allocated costs	Metrics based on project analysis	
10	NSPI	Bus. Development			Rental B10 & B06	Fair market value		
11	NSPI	Emera Energy			Net Gas Sales	Fair market value	Mixture of Daily and Monthly Commodity Prices	NSPI Trader negotiates with all counterparties to obtain best price for NSPI
12	Emera Energy	NSPI			Financial Swaps/Options	Fair market value	Point in Time Negotiated Price	NSPI Trader negotiates with all counterparties to obtain best price for NSPI based on current market conditions for NSPI
13	NSPI	Emera Energy			Rental B06 & B17	Fair market value		Same price NSPI charges to non-affiliate sub-tenants of Barrington Tower
14	NSPI	Emera Energy			Web Services (pricing Info)	Fairly allocated costs		
15	NSPI	Emera Energy			Fuel retainage quantity deferral refund	Section 20 (FERC Gas Tariff)		
16	NSPI	Bangor Hydro			NSPI employees charging time and expenses to Bangor Hydro	Fairly Allocated Costs	Fully loaded labour plus expenses	Time Reporting - charged at fringe labour +50% overhead load
17	NSPI	Emera Brunswick Pipeline			NSPI employees charging time and expenses to Emera Brunswick Pipeline	Fairly Allocated Costs	Fully loaded labour plus expenses	Time Reporting - charged at fringe labour +50% overhead load
18	NSPI	Emera Brunswick Pipeline			Rental B17	Fair market value		Same price NSPI charges to non-affiliate sub-tenants of Barrington Tower

No.	Goods / Service Provider	Goods / Service Receiver	US Dollars	Cdn Dollars	Short Description	Pricing Mechanism	Price Paid	Description of Price Support
19	NSPI	Emera Inc. Emera Energy Emera E.U.S EUSHI Bear Swamp E.B.Pipeline BHE			Corporate Support Group transfer	Fairly allocated costs	Allocation Methodology presented to Board on Dec 22, 2002	Please see provided guidelines which detail allocation methodologies for different corporate support services
20	NSPI	Emera Inc			Rental B17	Fair market value		Same price NSPI charges to non-affiliate sub-tenants of Barrington Tower
21	NSPI	Emera Inc.			Rental B07 ,B14 & B18	Fair market value		Same price NSPI charges to non-affiliate sub-tenants of Barrington Tower
22	NSPI	Emera Inc.			MI - 5 Transfer	Fully allocated costs		
23	NSPI	Emera Inc.			IFRS Transfer	Fully allocated costs		
24	NSPI	Emera Energy E.B. Pipeline Bus. Development Emera Utility EUS (Cablecom) Emera Inc. Bangor Hydro			SLA charges for IT	Fairly allocated costs	Unit Prices based on fully allocated costs	Determined costs of providing various services and then determined cost driver and formulated pricing - signed SLA
25	NSPI	Emera Energy E.B. Pipeline Emera Utility EUS (Cablecom) Emera Inc			SLA charges for Procurement	Fairly allocated costs	Fully allocated costs	Allocated based on cost drivers of service
26	NSPI	Strait Energy			Steam sales to Trenton Works.	Fully allocated costs	Fully allocated cost of energy charge	Since market for steam at Trenton plant is limited to a single customer, development of FMV not practical. Accordingly used fully allocated cost recovery of the incremental fuel, water and other variable costs incurred in the supply of energy service, adjusted annually based on actual average fuel costs for Trenton

No.	Goods / Service Provider	Goods / Service Receiver	US Dollars	Cdn Dollars	Short Description	Pricing Mechanism	Price Paid	Description of Price Support		
27	NSPI	Strait Energy			Steamline mtce.	Fairly allocated costs	Fairly allocated costs	Time Reporting - direct labour, materials and overhead charge		
28	NSPI	EUS (Cablecom)			Services related with vehicle mtce., commissioning and disposal.	Mtce. - Fair market value; Admin. - fully allocated costs			Maintenance piece based on market analysis of mechanic hourly rate Administration piece based on fully allocated cost/hour Vehicle short term lease based on fully allocated cost of vehicle	
29	NSPI	EUS (Cablecom)			Rent for Lakeside facilities.	Fair market value				Based on market analysis for rates in that area
					Coldbrook	Fair market value				
					Pt.Hawkesbury	Fair market value				
30	NSPI	EUS (Cablecom)			Provision of inventory items	Fair market value			Same mark-up charged to other contractors	
31	NSPI	EUS (Cablecom, F.A. Tucker)			Inspection/Repair of high voltage equipment	Fair market value	Price/equipment	Same rates charged to non-affiliate customers		
32	NSPI	EUS (Cablecom)			NSPI employees doing work for Cablecom	Fairly allocated costs	Fully allocated costs			
33	NSPI	EUS (Cablecom)			Safety Manager Services	Fairly allocated costs	Fully allocated costs	Based on Service Level Agreement.		
34	NSPI	Emera Utility Services - Transformers			Rental Farrell St. facility.	Fair market value		Based on market analysis for rates in that area		
35	NSPI	Emera Utility Services			RTP & SEIS services billing adjustment	Billing adjustment				
36	NSPI	Emera Utility Services			Rental B14	Fair market value		Same price NSPI charges to non-affiliate sub-tenants of Barrington Tower		
37	Emera Inc	NSPI			Costs re: OSC review transferred from Emera Inc.	Fully allocated costs				
		TOTAL	91,141,223	17,960,031						

**Nova Scotia Power Inc.
List of Affiliated Companies
As of March 19, 2009**



The attached list is provided in connection with NSPI's Code of Conduct with the Nova Scotia Utility and Review Board.

Section 3.2 of the Code of Conduct:

"NSPI will maintain a complete list of all of its affiliates. The list will include the name and address of each affiliate, a brief description of its activities and the names, addresses and telephone numbers of all of its officers. The list will be kept on open file with the Nova Scotia Utility and Review Board.

For the purposes of the Code of Conduct, the term "affiliate" shall be interpreted in accordance with Sections 2(2), 2(3), and 2(4) of the *Nova Scotia Companies Act*."

Nova Scotia Companies Act:

2(2) Deemed affiliate

A company shall be deemed to be an affiliate of another company if one of them is the subsidiary of the other or if both are subsidiaries of the same company or if each of them is controlled by the same person.

2(3) Deemed control

A company shall be deemed to be controlled by another person or by two or more companies if:

- (a) voting securities of the first-mentioned company carrying more than fifty per cent of the votes for the election of directors are held, otherwise than by way of security only, by or for the benefit of the other person or by or for the benefit of the other companies; and
- (b) the votes carried by such securities are entitled, if exercised, to elect a majority of the directors of the first-mentioned company.

2(4) Deemed subsidiary

A company shall be deemed to be a subsidiary of another company if:

- (a) it is controlled by
 - (i) that other, or
 - (ii) that other and one or more companies each of which is controlled by that other, or
 - (iii) two or more companies each of which is controlled by that other; or
- (b) it is a subsidiary of a company that is that others subsidiary.

EMERA INC.
Group of Companies as of March 19, 2009
Prepared by the Corporate Secretary's Office

Company		Registered Address	Nature of Business	Officers (Name, Address, and Telephone Number)
1	Emera Inc.	Suite 1800 1894 Barrington Street P.O. Box 910 Halifax, NS B3J 2W5	Energy and services company	Christopher G. Huskilson President and Chief Executive Officer 1894 Barrington St., Halifax, NS (902) 428-6321
				Nancy G. Tower Vice-President and Chief Financial Officer 1894 Barrington St., Halifax, NS (902) 428-6991
				Richard J. Smith Vice-President Corporate Insurance and Asset Protection 1894 Barrington St., Halifax, NS (902) 428-6520
				Sarah R. MacDonald Vice-President Human Resources 1894 Barrington St., Halifax, NS (902) 428-6349
				Mark Savory Vice-President Engineering and Construction 1894 Barrington St., Halifax, NS (902) 428-6915
				Wayne J. Crawley Vice-President Corporate Strategy and Development 1894 Barrington St., Halifax, NS (902) 428-6100
				James G. Spurr General Counsel 1894 Barrington St., Halifax, NS (902) 428-6750
				Raymond R. Robinson Vice-President Integrated Operations 1894 Barrington St., Halifax, NS (902) 428-6261
				Stephen D. Aftanas Corporate Secretary 1894 Barrington St., Halifax, NS (902) 428-6096

Company	Registered Address	Nature of Business	Officers (Name, Address, and Telephone Number)
2	Nova Scotia Power Inc. Suite 1800 1894 Barrington Street P.O. Box 910 Halifax, NS B3J 2W5	Fully-integrated electric utility which provides generation, transmission and distribution of electricity in Nova Scotia	<p>Robert R. Bennett President and Chief Executive Officer 1894 Barrington St., Halifax, NS (902) 428-6109</p> <p>Nancy G. Tower Vice-President and Chief Financial Officer 1894 Barrington St., Halifax, NS (902) 428-6991</p> <p>William E. Hattie Vice-President Business Infrastructure and Optimization 1894 Barrington St., Halifax, NS (902) 428-6905 (will be retiring March 31, 2009)</p> <p>Richard J. Smith Vice-President Corporate Insurance and Asset Protection 1894 Barrington St., Halifax, NS (902) 428-6520</p> <p>Gregory W. Blunden Vice-President Finance and Treasurer 1894 Barrington St., Halifax, NS (902) 428-6639</p> <p>Robin McAdam Executive Vice-President Sustainability 1894 Barrington St., Halifax, NS (902) 428-6604</p> <p>Richard C. Janega Executive Vice-President and Chief Operating Officer 1894 Barrington St., Halifax, NS (902) 428-6707</p> <p>Alan C. Richardson Vice-President Commercial 1894 Barrington St., Halifax, NS (902) 428-6228</p> <p>Mark Savory Vice-President Technical and Construction Services 1894 Barrington St., Halifax, NS (902) 428-6915</p>

Company	Registered Address	Nature of Business	Officers (Name, Address, and Telephone Number)
			<p>Sarah MacDonald Vice-President Human Resources 1894 Barrington St., Halifax, NS (902) 428-6349</p> <p>James G. Spurr General Counsel 1894 Barrington St., Halifax, NS (902) 428-6750</p> <p>Stephen D. Aftanas Corporate Secretary 1894 Barrington St., Halifax, NS (902) 428-6096</p>
3	Emera Utility Services Inc.	Suite 400 371 Queen St. P.O. Box 310 Fredericton, NB E3B 4Y9	<p>Utility services operations including transformer refurbishment</p> <p>Sarah R. MacDonald President 1894 Barrington St., Halifax, NS (902) 428-6349</p> <p>Nancy G. Tower Chief Financial Officer 1894 Barrington St., Halifax, NS (902) 428-6905</p> <p>Stephen D. Aftanas Corporate Secretary 1894 Barrington St., Halifax, NS (902) 428-6096</p>
4	NSP Pipeline Management Ltd.	Suite 1800 1894 Barrington Street P.O. Box 910 Halifax, NS B3J 2W5	<p>Owns 12.92% of Maritimes & Northeast Pipeline Management Ltd.</p> <p>Christopher G. Huskilson President 1894 Barrington St., Halifax, NS (902) 428-6321</p> <p>Richard J. Smith Corporate Secretary 1894 Barrington St., Halifax, NS (902) 428-6520</p>
5	NSP Pipeline Inc.	Suite 1800 1894 Barrington Street P.O. Box 910 Halifax, NS B3J 2W5	<p>Owns 12.375% of Maritimes & Northeast Pipeline Limited Partnership</p> <p>Christopher G. Huskilson President 1894 Barrington St., Halifax, NS (902) 428-6321</p>

Company	Registered Address	Nature of Business	Officers (Name, Address, and Telephone Number)
			Richard J. Smith Corporate Secretary 1894 Barrington St., Halifax, NS (902) 428-6520
6	NSP Investments Inc. 1209 Orange St. New Castle County Wilmington, Delaware	U.S. company. Currently inactive. Established as part of the Maritimes & Northeast Pipeline structure.	A. Michael Burnell President, Secretary and Treasurer Suite 101 #37 Route 236 Kittery, ME 03904 (207) 439-8902 Richard J. Smith Assistant Corporate Secretary 1894 Barrington St., Halifax, NS (902) 428-6520
7	NSP US Holdings Inc. Suite 1800 1894 Barrington St. P.O. Box 910 Halifax, NS B3J 2W5	Holding company for U.S. acquisitions.	Christopher G. Huskilson President 1894 Barrington St., Halifax, NS (902) 428-6321 Ray Robinson Vice-President Utility Integration 1894 Barrington St., Halifax, NS (902) 428-6261 Richard J. Smith Corporate Secretary 1894 Barrington St., Halifax, NS (902) 428-6520
8	Scotia Holdings Inc. 1209 Orange St. New Castle County Wilmington, Delaware	Holding company for U.S. acquisitions.	A. Michael Burnell President, Secretary and Treasurer Suite 101 #37 Route 236 Kittery, ME 03904 (207) 439-8902 Richard J. Smith Assistant Corporate Secretary 1894 Barrington St., Halifax, NS (902) 428-6520

Company	Registered Address	Nature of Business	Officers (Name, Address, and Telephone Number)
9	Nova Power Holdings Inc. 1209 Orange St. New Castle County Wilmington, Delaware	U.S. holding company	<p>A. Michael Burnell President, Secretary and Treasurer Suite 101 #37 Route 236 Kittery, ME 03904 (207) 439-8902</p> <p>Richard J. Smith Assistant Corporate Secretary 1894 Barrington St., Halifax, NS (902) 428-6520</p>
10	Scotia Power U.S.,Ltd. 1013 Centre Road Wilmington, Delaware	U.S. incorporation. Owns U.S. portion of pipeline (owns 12.5% interest in Maritimes & Northeast Pipeline, L.L.C.)	<p>A. Michael Burnell President, Secretary and Treasurer Suite 101 #37 Route 236 Kittery, ME 03904 (207) 439-8902</p> <p>Richard J. Smith Assistant Corporate Secretary 1894 Barrington St., Halifax, NS (902) 428-6520</p>
11	Emera Energy Inc. Suite 1800 1894 Barrington Street P.O. Box 910 Halifax, NS B3J 2W5	Formed to hold gas and commodity interest/infrastructure.	<p>Christopher G. Huskison President 1894 Barrington St., Halifax, NS (902) 428-6321</p> <p>Wayne D. O'Connor Chief Operating Officer 1894 Barrington St., Halifax, NS (902) 474-7808</p> <p>Stephen D. Aftanas Corporate Secretary 1894 Barrington St., Halifax, NS (902) 428-6096</p> <p>Judy A. Steele Vice-President Finance 1894 Barrington St., Halifax, NS (902) 428-6669</p>

Company	Registered Address	Nature of Business	Officers (Name, Address, and Telephone Number)	
12	Emera US Holdings Inc.	c/o Corporation Trust Company 1209 Orange Street New Castle County Wilmington, Delaware 19801	Holding company for U.S. utility acquisitions.	<p>Robert J. Hanf President, Secretary, and Treasurer 21 Telcom Drive Bangor, ME 04401 (207) 973-2838</p> <p>Stephen D. Aftanas Assistant Corporate Secretary 1894 Barrington St., Halifax, NS (902) 428-6096</p>
13	BHE Holdings Inc.	c/o Corporation Trust Company 1209 Orange Street New Castle County Wilmington, Delaware 19801	Formed to facilitate acquisition of Bangor Hydro-Electric Company.	<p>Robert J. Hanf President, Secretary, and Treasurer 21 Telcom Drive Bangor, ME 04401 (207) 973-2838</p> <p>Stephen D. Aftanas Assistant Corporate Secretary 1894 Barrington St., Halifax, NS (902) 428-6096</p>
14	Bangor Hydro-Electric Company	21 Telcom Drive Bangor, ME 04401	Public utility and holding company in the State of Maine providing transmission and distribution of electricity	<p>Christopher G. Huskilson Chairman 1894 Barrington St., Halifax, NS (902) 428-6321</p> <p>Raymond R. Robinson Vice-Chairman 1894 Barrington St., Halifax, NS (902) 428-6261</p> <p>Peter Dawes Vice-President Finance and Treasurer 21 Telcom Drive, Bangor, ME 04401 (207) 945-5621</p> <p>Robert J. Hanf President and Chief Operating Officer 21 Telcom Drive, Bangor, ME 04401 (207) 973-2838</p> <p>Stephen D. Aftanas Corporate Secretary 1894 Barrington St., Halifax, NS (902) 428-6096</p>

Company	Registered Address	Nature of Business	Officers (Name, Address, and Telephone Number)
			<p>Gerald Chasse Vice-President Transmission and Distribution Operations 21 Telcom Drive, Bangor, ME 04401 (207) 973-2653</p>
15	Bangor Var Co., Inc.	21 Telcom Drive Bangor, ME 04401	<p>Formed solely for the purpose of owning the Chester SVC partnership interest</p> <p>Robert J. Hanf President 21 Telcom Drive, Bangor, ME 04401 (207) 973-2838</p> <p>Peter Dawes Treasurer 21 Telcom Drive, Bangor, ME 04401 (207) 945-5621</p> <p>Stephen D. Aftanas Corporate Secretary 1894 Barrington St., Halifax, NS (902) 428-6096</p>
16	East Branch Improvement Company	21 Telcom Drive. Bangor, ME 04401	<p>Currently inactive. Formerly provided water storage services for hydro-electric facilities. The dams have been sold.</p> <p>Robert R. Bennett President 1894 Barrington St., Halifax, NS (902) 428-6615</p> <p>Gregory P. Hines Treasurer c/o 1894 Barrington St., Halifax, NS (902) 428-6529</p> <p>Stephen D. Aftanas Corporate Secretary 1894 Barrington St., Halifax, NS (902) 428-6096</p>
17	The Pleasant River Gulf Improvement Company	21 Telcom Drive. Bangor, ME 04402	<p>Currently inactive. Engaged in water improvement. (Inactive and is excused from State for filing requirements)</p> <p>N/A</p>
18	Bangor Fiber Co., Inc.	P.O. Box 932 Bangor, ME 04402-0932	<p>Owns and leases fibre optic communications cable.</p> <p>Robert R. Bennett President 1894 Barrington St., Halifax, NS (902) 428-6615</p>

Company	Registered Address	Nature of Business	Officers (Name, Address, and Telephone Number)
			<p>Peter Dawes Treasurer 21 Telcom Drive, Bangor, ME 04401 (207) 945-5621</p> <p>Stephen D. Aftanas Corporate Secretary 1894 Barrington St., Halifax, NS (902) 428-6096</p>
19	Bangor Line Co.	P.O. Box 932 Bangor, ME 04402-0932	<p>Constructs and maintains transmission and distribution lines and provides engineering services.</p> <p>Robert J. Hanf President 21 Telcom Drive, Bangor, ME 04401 (207) 973-2838</p> <p>Peter Dawes Treasurer 21 Telcom Drive, Bangor, ME 04401 (207) 945-5621</p> <p>Stephen D. Aftanas Corporate Secretary 1894 Barrington St., Halifax, NS (902) 428-6096</p>
20	1447585 Ontario Ltd.	Suite 1800 222 Bay Street Toronto, ON M5K 1H6	<p>Currently inactive. Formed to facilitate acquisition of Bangor Hydro-Electric Company.</p> <p>Richard J. Smith President and Corporate Secretary 1894 Barrington St. Halifax, NS (902) 428-6520</p>
21	Ontario 8 Group Financing LLC	Vaci ut 20, 1132 Budapest, Hungary	<p>Currently inactive. Formed to facilitate acquisition of Bangor Hydro-Electric Company</p> <p>Belane Stehli Managing Director 2600 Vac, Gombasi ut 26/B</p>
22	Emera Energy U.S. Subsidiary No. 1, Inc.	Corporation Trust Center 1209 Orange St. Wilmington New Castle Co., Delaware 19801	<p>Formed to facilitate ownership in Greyhawk LLC (natural gas storage)</p> <p>A. Michael Burnell President and Secretary Suite 101 #37 Route 236 Kittery, ME 03904 (207) 439-8902</p> <p>Richard J. Smith Assistant Secretary 1894 Barrington St. Halifax, NS (902) 428-6520</p>

Company	Registered Address	Nature of Business	Officers (Name, Address, and Telephone Number)	
23	Emera Energy U.S. Subsidiary No. 2, Inc.	Corporation Trust Center 1209 Orange St. Wilmington New Castle Co., Delaware 19801	Formed to facilitate ownership in Greyhawk LLC (natural gas storage)	<p>A. Michael Burnell President and Secretary Suite 101 #37 Route 236 Kittery, ME 03904 (207) 439-8902</p> <p>Richard J. Smith Assistant Secretary 1894 Barrington St. Halifax, NS (902) 428-6520</p>
24	Emera Investments LLC	Corporation Trust Company 1209 Orange St. Wilmington, Delaware 19801	Formed to facilitate acquisition of Bangor Hydro-Electric Company	<p>A. Michael Burnell Member Suite 101 #37 Route 236 Kittery, ME 03904 (207) 439-8902</p>
25	Emera Energy Services, Inc.	Corporation Trust Center 1209 Orange St. Wilmington New Castle Co., Delaware 19801	Originally formed to participate in the standard offer to supply electricity in Maine (unsuccessful). Is now involved in energy trading activity in the U.S.	<p>A. Michael Burnell President and Secretary Suite 101 #37 Route 236 Kittery, ME 03904 (207) 439-8902</p> <p>Richard J. Smith Assistant Corporate Secretary 1894 Barrington St., Halifax, NS (902) 428-6520</p>
26	3081922 Nova Scotia Ltd.	Suite 1800 1894 Barrington Street P.O. Box 910 Halifax, NS B3J 2W5	Formed to use unregulated non-capital tax losses	<p>Richard J. Smith President and Corporate Secretary 1894 Barrington St., Halifax, NS (902) 428-6520</p>
27	Emera Energy Services Subsidiary No. 1 LLC	Corporation Trust Center 1209 Orange St. Wilmington New Castle Co., Delaware 19801	Energy trading activities in U.S.	<p>A. Michael Burnell President, Secretary and Treasurer Suite 101 #37 Route 236 Kittery, ME 03904 (207) 439-8902</p>

Company	Registered Address	Nature of Business	Officers (Name, Address, and Telephone Number)
			Richard J. Smith Assistant Secretary 1894 Barrington St. Halifax, NS (902) 428-6520
28	Emera Energy Services Subsidiary No. 2 LLC	Corporation Trust Center 1209 Orange St. Wilmington New Castle Co., Delaware 19801	Energy trading activities in U.S. A. Michael Burnell President, Secretary and Treasurer Suite 101 #37 Route 236 Kittery, ME 03904 (207) 439-8902 Richard J. Smith Assistant Secretary 1894 Barrington St. Halifax, NS (902) 428-6520
29	Emera Energy Services Subsidiary No. 3 LLC	Corporation Trust Center 1209 Orange St. Wilmington New Castle Co., Delaware 19801	Energy trading activities in U.S. A. Michael Burnell President, Secretary and Treasurer Suite 101 #37 Route 236 Kittery, ME 03904 (207) 439-8902 Richard J. Smith Assistant Secretary 1894 Barrington St. Halifax, NS (902) 428-6520
30	Emera Energy Services Subsidiary No. 4 LLC	Corporation Trust Center 1209 Orange St. Wilmington New Castle Co., Delaware 19801	Energy trading activities in U.S. A. Michael Burnell President, Secretary and Treasurer Suite 101 #37 Route 236 Kittery, ME 03904 (207) 439-8902 Richard J. Smith Assistant Secretary 1894 Barrington St. Halifax, NS (902) 428-6520

Company	Registered Address	Nature of Business	Officers (Name, Address, and Telephone Number)	
31	Emera Energy Services Subsidiary No. 5 LLC	Corporation Trust Center 1209 Orange St. Wilmington New Castle Co., Delaware 19801	Energy trading activities in U.S.	<p>A. Michael Burnell President, Secretary and Treasurer Suite 101 #37 Route 236 Kittery, ME 03904 (207) 439-8902</p> <p>Richard J. Smith Assistant Secretary 1894 Barrington St. Halifax, NS (902) 428-6520</p>
32	Emera Energy Services Subsidiary No. 6 LLC	Corporation Trust Center 1209 Orange St. Wilmington New Castle Co., Delaware 19801	Energy trading activities in U.S.	<p>A. Michael Burnell President, Secretary and Treasurer Suite 101 #37 Route 236 Kittery, ME 03904 (207) 439-8902</p> <p>Richard J. Smith Assistant Secretary 1894 Barrington St. Halifax, NS (902) 428-6520</p>
33	Emera Energy Services Subsidiary No. 7 LLC	Corporation Trust Center 1209 Orange St. Wilmington New Castle Co., Delaware 19801	Energy trading activities in U.S.	<p>A. Michael Burnell President, Secretary and Treasurer Suite 101 #37 Route 236 Kittery, ME 03904 (207) 439-8902</p> <p>Richard J. Smith Assistant Secretary 1894 Barrington St. Halifax, NS (902) 428-6520</p>
34	Emera Energy Services Subsidiary No. 8 LLC	Corporation Trust Center 1209 Orange St. Wilmington New Castle Co., Delaware 19801	Energy trading activities in U.S.	<p>A. Michael Burnell President, Secretary and Treasurer Suite 101 #37 Route 236 Kittery, ME 03904 (207) 439-8902</p>

Company	Registered Address	Nature of Business	Officers (Name, Address, and Telephone Number)
			Richard J. Smith Assistant Secretary 1894 Barrington St. Halifax, NS (902) 428-6520
35	Emera Energy Services Subsidiary No. 9 LLC	Corporation Trust Center 1209 Orange St. Wilmington New Castle Co., Delaware 19801	Energy trading activities in U.S.
36	Emera Energy Services Subsidiary No. 10 LLC	Corporation Trust Center 1209 Orange St. Wilmington New Castle Co., Delaware 19801	Energy trading activities in U.S.
37	Emera Brunswick Pipeline Co. Ltd.		Construction, ownership, operation of gas pipelines

A. Michael Burnell
President, Secretary and Treasurer
Suite 101
#37 Route 236
Kittery, ME 03904
(207) 439-8902

Richard J. Smith
Assistant Secretary
1894 Barrington St.
Halifax, NS
(902) 428-6520

A. Michael Burnell
President, Secretary and Treasurer
Suite 101
#37 Route 236
Kittery, ME 03904
(207) 439-8902

Richard J. Smith
Assistant Secretary
1894 Barrington St.
Halifax, NS
(902) 428-6520

Robin McAdam
President
1894 Barrington St., Halifax, NS
(902) 428-6604

Stephen D. Aftanas
Corporate Secretary
1894 Barrington St.
Halifax, NS
(902) 428-6096

Company	Registered Address	Nature of Business	Officers (Name, Address, and Telephone Number)
			Robert Belliveau General Manager 895 Ashburn Road Saint John, NB (506) 672-7585
38	Cayman 456, Ltd.	Appleby Corporate Services (Cayman) Ltd. Clifton House 75 Fort St. P.O. Box 1350GT George Town Grand Cayman, Cayman Islands	Holding company for Emera St. Lucia Ltd. Raymond R. Robinson, President 1894 Barrington St., Halifax, NS (902) 428-6261 John R. MacLean, Secretary 1894 Barrington St., Halifax, NS (902) 428-6698
39	Emera St. Lucia Ltd. (formerly CBPF Saint Lucia Ltd.)		Holds the 19.1% interest in St. Lucia Electricity Services Ltd. John R. MacLean, Secretary 1894 Barrington St., Halifax, NS (902) 428-6698
40	Emera Borrco LLC	Corporation Trust Center 1209 Orange St. Wilmington New Castle Co., Delaware 19801	Borrowing and tax purposes in the U.S. Robert J. Hanf President, Secretary, and Treasurer 21 Telcom Drive Bangor, ME 04401 (207) 973-2838 Stephen D. Aftanas Assistant Secretary 1894 Barrington St. Halifax, NS (902) 428-6096
41	3215679 Nova Scotia Company	Suite 1800 1894 Barrington Street P.O. Box 910 Halifax, NS B3J 2W5	Borrowing and tax purposes in the U.S. Richard J. Smith President and Corporate Secretary 1894 Barrington St. Halifax, NS (902) 428-6520
42	Emera Bear Swamp Holdings LLC		Holds 50% interest in Bear Swamp Power Company, LLC
43	Emera Borrco No. 2, LLC	Corporation Trust Center 1209 Orange St. Wilmington New Castle Co., Delaware 19801	Borrowing and tax purposes in the U.S. Robert J. Hanf President, Secretary, and Treasurer 21 Telcom Drive Bangor, ME 04401 (207) 973-2838

Company	Registered Address	Nature of Business	Officers (Name, Address, and Telephone Number)
			Stephen D. Aftanas Assistant Secretary 1894 Barrington St. Halifax, NS (902) 428-6096
44	3215181 Nova Scotia Ltd.	Suite 1800 1894 Barrington Street P.O. Box 910 Halifax, NS B3J 2W5	Unregulated non-capital tax loss usage Richard J. Smith President and Corporate Secretary 1894 Barrington St. Halifax, NS (902) 428-6520
45	Emera Borrco No. 3, LLC	Corporation Trust Center 1209 Orange St. Wilmington New Castle Co., Delaware 19801	Borrowing and tax purposes in the U.S. Robert J. Hanf President, Secretary, and Treasurer 21 Telcom Drive Bangor, ME 04401 (207) 973-2838 Stephen D. Aftanas Assistant Secretary 1894 Barrington St. Halifax, NS (902) 428-6096
46	3229058 Nova Scotia Company	Suite 1800 1894 Barrington Street P.O. Box 910 Halifax, NS B3J 2W5	Borrowing and tax purposes in the U.S. Stephen D. Aftanas President and Secretary 1894 Barrington St. Halifax, NS (902) 428-6096

- Guideline 1 - Definitions**
- Guideline 2 - Transfer of Good or Service**
- Guideline 3 - Determination of Fair Market Value**
- Guideline 4 - Corporate Support Services**
- Guideline 5 - Customer Information**
- Guideline 6 - Utility Financing**
- Guideline 7 - Separation of Financial Records**
- Guideline 8 - Compliance with Act**
- Guideline 9 - Fuels Transfer**
- Guideline 10- Filing List of Affiliates**
- Guideline 11- Corporate Structure**
- Guideline 12- Management Review**
- Guideline 13 - Benefit**

Definitions

For the purpose of the NSPI Interim Code of Conduct, and interpretation of Code provisions, the following definitions will apply.

Affiliate - The Code of Conduct defines an Affiliate as interpreted in accordance with the Nova Scotia Companies act, which states:

- (2) A company shall be deemed to be an affiliate of another company if one of them is the subsidiary of the other or if both are subsidiaries of the same company or if each of them is controlled by the same person.
- (3) A company shall be deemed to be controlled by another person or by two or more companies if
 - (a) voting securities of the first-mentioned company carrying more than fifty per cent of the votes for the election of directors are held, otherwise than by way of security only, by or for the benefit of the other person or by or for the benefit of the other companies; and
 - (b) the votes carried by such securities are entitled, if exercised, to elect a majority of the directors of the first-mentioned company.
- (4) A company shall be deemed to be a subsidiary of another company if
 - (a) it is controlled by
 - (i) that other, or
 - (ii) that other and one or more companies each of which is controlled by that other, or
 - (iii) two or more companies each of which is controlled by that other; or
 - (b) it is a subsidiary of a company that is that others subsidiary.
R.S., c. 81, s. 2; 1990, c.15, s. 2.

Board – means the Nova Scotia Utility and Review Board, also referred to as the UARB. The Board is an independent quasi-judicial tribunal which has regulatory authority for Nova Scotia Power Inc.

Confidential Customer Information – is any information which identifies an individual customer, where that customer has not previously consented to the release of the information. Examples of confidential customer information include name, address, telephone number or e-mail address.

Corporate Support Service - Those services or functions that are not unique to a single NSPI operating business unit or Emera line of business, and are shared to more effectively and efficiently meet business needs.

Customer Information – is any information which identifies or may be used to identify an individual customer of NSPI. Customer information includes both confidential customer information, as well as information which identifies the customer but which the customer has consented to release. This includes Name, Address, Phone Number, or information which includes or is associated with information that identifies an individual client

Exchange of Good or Service - Any exchange of a good or service between NSPI and its affiliates which is not a Corporate Support Service.

Where an employee, normally engaged in activities which support NSPI (or one of its affiliates), provides services to an affiliate (or to NSPI for an affiliate employee), this service is a corporate support service and is not an exchange of a good or service.

Fair Market Value (FMV) - is defined as the price at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts.

It may also be considered the price at which a transaction would be conducted by two parties, at arms length from one another, each of whom was operating in their own best interests, and each of whom possessed all pertinent information.

Fully Allocated Costs - Is all costs incurred to perform a service or construct a good. This would include:

- Direct operating, maintenance and general expenses (e.g. labour directly attributable to the good or service)
- Overhead charge on labour (e.g. pension and benefits, corporate administration costs)
- Depreciation on assets utilized (e.g. a piece of equipment used directly in performing service or constructing the good)

Information Systems – as referred to in section 6.2 of the Code of Conduct refers to the system of recording and maintaining NSPI and affiliate information such that separate accounts are used to compile regulated and non-regulated information. Information Systems does not include computer hardware, software, networking or infrastructure which is used to compile, maintain or analyze records.

Therefore, shared computer hardware, software and networking may be used in maintaining records of NSPI and of its affiliates, as long as the records of each organization are compiled separately from those of other organizations.

Loss – Section 6.8 of the code stipulates that “in no case shall NSPI supply such goods and services at a loss”. For the purposes of this section, the term loss will mean at a price which is less than the incremental cost to NSPI of the good or service transferred.

Other Utility Service - is a service covered by the Public Utilities Act, which states that "service" includes:

- (i) the conveyance for compensation by a public utility of passengers,
- (ii) the conveyance or transmission for compensation by a public utility of telephone messages,
- (iii) the production, transmission, delivery or furnishing to or for the public by a public utility for compensation of electrical energy for purposes of heat, light and power,
- (iv) repealed 1997, c. 4, s. 43.
- (v) the production, transmission, delivery or furnishing to or for the public by a public utility for compensation of water,

- (vi) the production, transmission, delivery or furnishing to or for the public by a public utility for compensation of steam heat,
- (vii) the extraction, transmission, delivery or furnishing to or for the public by a public utility for compensation of a geothermal resource,
- (viii) the production, transmission, delivery or furnishing to or for the public by a public utility for compensation of geothermal energy or heat;

Public Utility - as defined by the Public Utilities Act a “public utility” includes any person that may now or hereafter own, operate, manage or control:

- (i) any tramway,
- (ii) any trolley bus or motor vehicle, other than one being operated as a taxi, for the conveyance of passengers from any point within a city or incorporated town to any other point within such city or town, including any such person who also operates any trolley bus or motor vehicle for the conveyance of passengers to or between points outside such city or town but not including any such person whose revenue from the operation of any trolley bus or motor vehicle for the conveyance of passengers between points within any city or town does not, in the opinion of the Board, exceed ten per cent of the gross revenue of such person from the operation of trolley buses or motor vehicles,
- (iii) any plant or equipment for the conveyance of telephone messages,
- (iv) any plant or equipment for the production, transmission, delivery or furnishing of electric power or energy, water or steam heat either directly or indirectly to or for the public,
- (v) repealed 1997, c. 4, s. 43.
- (vi) any plant or equipment for the extraction, transmission, delivery or furnishing of a geothermal resource or for the production, transmission, delivery or furnishing of geothermal energy or heat either directly or indirectly to or for the public;

Shared Service - See Corporate Support Service

Subsidize – one company subsidizes another when transactions occur outside of a “subsidy free zone”. The “subsidy free zone” is the range of prices between the incremental cost of the item, and the stand-alone cost of the item. The “stand-alone cost” of an item is the cost which would be incurred if another firm was to provide the good or service. No subsidy exists where the price of the item is within the subsidy free zone.

UARB – is the Nova Scotia Utility and Review Board, also referred to as “the Board”. The Board is an independent quasi-judicial tribunal which has regulatory authority for Nova Scotia Power Inc.

Purpose

To ensure compliance with Code of Conduct provisions 6.7 and 6.8 relating to prices charged for NSPI-Affiliate transactions.

Scope

The process outlined in this procedure applies to all transactions between NSPI and its affiliates, except for the following:

- transactions involving capital assets,
- use of NSPI corporate support services,

Transactions between NSPI and any affiliate which are included in the above noted exceptions are to be structured in keeping with the process as outlined in the policy applicable for that transaction.

Policy

In order to ensure compliance with Code of Conduct provisions, affiliate transactions are to be structured in keeping with the policy outlined herein.

When an opportunity for an affiliate transaction is identified (either by an operational business unit, a shared service unit, or an affiliate) a Regulatory Affairs (RA) representative will be involved in pricing the transaction.

The business unit initiating the transaction will develop and provide to RA documentation sufficient for Code of Conduct compliance.

Process

Opportunity Identification

Upon identification of an opportunity for an affiliate transaction, the NSPI business or shared service unit shall contact Regulatory Affairs to become involved in the transaction.

Transaction Pricing

The transaction pricing will be determined in keeping with Code of Conduct requirements.

If a Fair Market Value can be established for the transaction, the transaction will be priced at this amount. Documentation supporting the development of this Fair Market Value will be retained by Regulatory Affairs. This documentation may include comparative sources and any modifications made to these sources based on differences in markets, and the underlying assumptions for these modifications.

A guideline on the development of Fair Market Values may be found in Code of Conduct - Guideline 3.

If a Fair Market Value cannot be established for the transaction, then the Fully Allocated Cost of the good or service exchanged will be used as the price of the transaction. Where Fair Market Value cannot be established, the Regulatory Affairs representative will record the steps taken to identify a Fair Market Value.

The business unit will work with Regulatory Affairs to determine the appropriate price.

Special Circumstances

Where obligations under the Code of Conduct are not clear, or where special circumstances exist which require it, an interpretation from Regulatory Affairs will be required. Regulatory Affairs will evaluate all of the circumstances related to the transaction, and will consult with any additional resources necessary, which may include Legal, Internal Audit, Corporate Accounting, the UARB or other resources as required.

Affiliate Transaction Information

When the NSPI – Affiliate transaction has been finalized, Regulatory Affairs will maintain a record of information required for Code of Conduct reporting requirements. This information should include:

- A description of the transaction
- A description of the type of pricing used (FMV or Fully Allocated Cost)
- An outline of how the price was determined, and a comparative source for FMV
- The benefit to NSPI from the transaction

Corporate Accounting will maintain actual pricing transaction back-up documentation.

Transaction Monitoring / Reporting

Corporate Accounting will be responsible for ensuring that the appropriate accounting procedures are in place to capture affiliate transactions, and for capturing such information as affiliate transactions for Code of Conduct reporting requirements.

Pricing Review

The pricing of a transaction will be reviewed every two years, unless another time period for re-evaluating the transaction price is established in negotiating the transaction.

Responsibilities

The NSPI Business Unit or Shared Service Unit will be responsible for:

- Ensuring that Regulatory Affairs is involved in structuring any affiliate transaction
- Working with Regulatory Affairs and the Affiliate to develop an accurate description of the transaction, and an appropriate transaction price
- Establishing the transaction price in keeping with Code of Conduct requirements
- For following the accounting procedures as established by Corporate Accounting for recording affiliate transactions.

The Affiliate will be responsible for:

- Working with Regulatory Affairs and the NSPI Business Unit or Shared Service Unit to develop a detailed and accurate description of the transaction, and an appropriate transaction price

Regulatory Affairs will be responsible for:

- Working with the NSPI Business Unit or Shared Service Unit and the Affiliate to develop an accurate description of the transaction and appropriate transaction price
- Retaining documentation on the transaction pricing sufficient for Code of Conduct compliance requirements (e.g. comparative source for FMV). Corporate Accounting will maintain actual pricing transaction back-up documentation.
- Maintaining records on affiliate transactions with required transaction information (i.e. a description of the transaction, the type of transaction pricing used, and how the transaction price was developed)
- Notifying Corporate Accounting that an affiliate transaction has been established, if special action is required to track the transaction
- Preparing an annual report on affiliate transactions, for submission to the UARB
- Examining requirements where Code of Conduct provisions are unclear or special circumstances exist, and issuing written guidance to the appropriate parties
- Serving as the external interface with the UARB on all Code of Conduct Issues

Corporate Accounting will be responsible for:

- Ensuring that NSPI – Affiliate transactions are being appropriately recorded by establishing appropriate accounting procedures and providing support to the business or shared service units in recording the transactions as required
- Assisting in development and preparation of Code of Conduct Reports
- Maintaining documentation on actual pricing of transaction.

Reference

Code of Conduct:

Section 6.7

NSPI will charge and be charged prices which reflect fair market value for all non-regulated utility goods and services provided to affiliates or purchased from affiliates, provided that in no case shall NSPI supply such goods and services at a loss.

Section 6.8

Where prices based on market value cannot be established, NSPI will charge prices which reflect the utility's fully-allocated costs for the goods and services provided.

Purpose

The purpose of this document is to assist in determining the Fair Market Value (FMV) for transfers of goods or services between NSPI and its affiliates in keeping with section 6.7 of the NSPI Interim Code of Conduct.

Scope

This guideline will be used to assist in development of Fair Market Value for affiliate transactions. Where it is possible to determine a FMV in keeping with these guidelines, the FMV will be used as the price of a good or service exchanged between NSPI and an affiliate.

Where the FMV for an exchange of a good or service between NSPI and an affiliate cannot be determined, that transaction will be priced at the Fully Allocated Cost of the transaction.

The price of a Corporate Support Service will not be governed by FMV, and will be determined in keeping with the cost allocation methodology developed for the service in question.

Policy

The transaction price for a transfer of good or service will be established at Fair Market Value (FMV) where FMV may be appropriately identified for such a transaction.

Process

Prior to finalizing a transaction between NSPI and an NSPI affiliate, where this transaction involves the transfer of a good or service, a representative from Regulatory Affairs will be asked to become involved in the transaction. It will be the responsibility of the Regulatory Affairs representative to approve an analysis of the transaction and ensure it meets Code of Conduct requirements. It will be the responsibility of the business unit initiating the transaction to develop the analysis. The price of the transaction will be established at FMV, where FMV may be

determined. Determination of the FMV will be in keeping with this guideline.

FMV may be established from any of a variety of alternative sources. In many circumstances, the FMV may be difficult to identify, and will depend on the nature of the transaction, and the market conditions available for the good or service.

To ensure compliance with the Code of Conduct, a reference should be identified in establishing a FMV. The following are examples of reference sources for FMV, however it is not a comprehensive list of references, and where no source is available from this list, other documented references will satisfy Code of Conduct requirements.

Liquid Local Market

In circumstances where the good or service is offered by multiple vendors, at clearly stated prices, it may be possible to establish FMV using pricing lists from alternative vendors. Where the product or service is substantially the same as the product or service available from a non-affiliated supplier, a price from the non-affiliated supplier will satisfy FMV documentation for Code of Conduct requirements.

Open Bidding Process

Where an affiliate transaction is undertaken following an open, competitive bidding process, with non-affiliated competitors participating in the bidding process, the bids submitted by competitors will satisfy FMV documentation requirements. Note that an open bidding process is not required to establish transactions for NSPI, and will not be used for the sole purpose of establishing the market value of a transaction.

Similar Transactions

Where the price of a similar transaction may be identified, either in another jurisdiction, or involving goods or services which are not the same, but are substantially similar to the goods or services involved, then the pricing for the similar transaction may be used as a reference for FMV.

Adjustments Made Based on Differing Conditions

Where a similar transaction identified for referencing FMV involves products or services which are different in some aspect from the goods or services involved in the NSPI transfer, or where market conditions are observably different, then adjustments may be made to the transaction price identified. Any adjustment made to a transaction price should be specifically identified, and should be appropriate for the differences which exist between the transactions.

For example, where a product transferred has a measurably different quality level from the product exchanged in the reference example, and cost differences can be tied to the differences in quality, then FMV for the transfer may be established at the identified transaction price plus or minus adjustments appropriate for the differences in quality.

In such circumstances, information supporting the adjustments made should be retained, in addition to the information relating to the transaction price.

Historic / Prior Costs

Where a reference is available for historic or prior costs, this reference may be used to establish FMV. Where required, an appropriate index multiplier may be used to adjust the historical price reference.

The index multiplier may be determined from cost adjustments to other industry indicators or market price indices during a period appropriate for the adjustment, or may be inferred from projections based on historical trend analysis.

For example, where there is FMV information for prior periods (e.g. transactions with a non-affiliated supplier which are now supplied by Emera), FMV may be determined using a prior period price adjusted with price increases in the utility industry overall.

Other Methods May Be Used

Other methods may be used to establish FMV when, in the judgement of the Regulatory Affairs representative, they represent an appropriate methodology for determining FMV.

Responsibilities

The NSPI Business Unit or Shared Service Unit will be responsible for:

- Ensuring that Regulatory Affairs is involved in structuring any affiliate transaction
- Conducting a review of market information to identify an appropriate transaction value which will be both in keeping with good business practice, and with Code of Conduct Requirements
- Developing documented information supporting determination of FMV and providing to Regulatory Affairs

The Affiliate will be responsible for:

- Assisting the NSPI Business Unit in development of a transaction price at FMV

Regulatory Affairs will be responsible for:

- Assisting in clarifying any situation where Code of Conduct provisions are unclear, or may be ambiguous
- Liaison with the UARB when external information or support is required
- Assisting with determination of FMV analysis and reviewing for adequacy regarding Code of Conduct requirements.
- Retaining documented information supporting the determination of FMV

Reference

Code of Conduct:

Section 6.7

NSPI will charge and be charged prices which reflect fair market value for all non-regulated utility goods and services provided to affiliates or purchased from affiliates, provided that in no case shall NSPI supply such goods and services at a loss.

Section 6.8

Where prices based on market value cannot be established, NSPI will charge prices which reflect the utility's fully-allocated costs for the goods and services provided.

Purpose

To ensure compliance with Code of Conduct section 6.10 regarding the fair allocation of corporate support services.

To establish methods of cost allocation that encourage efficient and effective management behaviour, by associating appropriate costs for services rendered.

Scope

The application of this process will apply to the use of all corporate support services resources used to support or develop affiliate operations. More specifically, where corporate support services do work for, or provide support to, NSPI or an affiliate, the following process to allocate an appropriate proportion of cost is to be used.

The services described in this activity are distinct from the provision of a good or service as covered by Code of Conduct section 6.7 . Services of employees, or groups of employees, providing the same services, or generally similar services to NSPI and its affiliates, are corporate support services, the costs of which are shared appropriately between NSPI and its affiliates.

The provision of goods or services as described in section 6.7 of the Code of Conduct, refer to the provision of a complete package of services, which are directed and managed entirely by NSPI, and delivered to the affiliate as a completed product. In general, such goods or services could also be provided to any non-affiliated company on similar terms and conditions.

Policy

In order to ensure compliance with Section 6.10 of the Code of Conduct and to encourage appropriate management behaviours, cost allocations will be made in keeping with methodologies appropriate for the services provided.

Corporate support services are separated into two categories (1) common corporate support services and 2) consultative corporate support services.

Common corporate support services are those corporate support services that provide the same type of support to NSPI and its affiliates. The common corporate support services include:

- Executive
- Internal Audit
- Corporate Secretary and General Counsel
- Finance and Accounting
- Risk Management
- Corporate Human Resources
- Government Relations
- Environmental Policy and Procedures

Common corporate support services are to be priced according to one of the following:

- a. Direct charged:** Where services can be directly attributed to a specific entity the direct costs will be charged to the affiliate account. A 50% overhead load will be charged to NSPI's affiliates to cover indirect support costs not captured in the corporate support group cost centers.

- b. Allocation based on costs drivers:** Where services are provided to a number of affiliates and direct charging is not readily determinable or practical, various "costs drivers" are used for allocating costs. On a monthly basis, Corporate Accounting allocates these common corporate support services to affiliates.

Consultative corporate support services are those corporate support services that provide the same base level support to NSPI and its affiliates but also have a "consultative" role which varies depending on what is negotiated. These services have a variable cost component based on the services provided. The consultative corporate support services include:

- Procurement
- Information Technology

Consultative Corporate Support Services are to be priced according to the following:

Service Level Agreements (SLAs): SLA's are established which determines the price of support activities.

Occasionally, services are provided to affiliates, but are not included under an SLA, in a contract, nor corporately allocated. These services are priced according to the following:

Direct cost plus overhead: A 50% overhead allocation will be added to direct labour costs to ensure that all employee-related costs are included in the amount charged to an affiliate. Managers are responsible for ensuring that an appropriate allocation of employees' time is charged to an affiliate account. Employees are responsible to ensure that their manager is aware of work they do on behalf of an affiliate.

Process

Common corporate support services

Selection and Application of Allocation Methodology

Where affiliate's usage of corporate support services cost is not readily determinable or practical, a methodology must be chosen by Corporate Accounting to determine cost allocation with a cost causative basis. The methodology to be followed to determine the appropriate cost driver is:

1. Identify cost centres that provide corporate support services to both the regulated utility and affiliates.
2. Through an interview process with the manager of each corporate support service cost centre:
 - Identify those costs that can be directly charged to a specific entity.
 - Identify those costs that are shared or "common" and are shared by affiliates.
3. Select an allocation methodology, calculate the amount to be charged to NSPI and its affiliates including overhead load where applicable and,
4. On a monthly basis, allocate common corporate support services costs to affiliates. Allocation calculations will be updated monthly, quarterly or annually depending on the cost centre; the overhead load factor will be updated annually.

Costs Included in the Allocation Process

Corporate support services' costs include:

- All expenses, both direct and common, required to provide support services to NSPI and its affiliates.
- An overhead load charged to NSPI's affiliates to cover indirect support costs not captured in the corporate support group cost centres.

Common costs are allocated by a cost driver chosen based on measures that are specific to each cost center or type of expense.

The overhead allocation rate will include costs for overhead that directly support the services of employees working on both NSPI and affiliate activities.

Direct Expense Allocation

Corporate support services costs that can be directly attributed to a specific entity are directly charged to the entity.

Common Costs Allocators

Where services are provided to a number of affiliates and direct charging is not readily determinable or practical, one or more of the following methods or "costs drivers" are used for allocating costs.

Time Analysis – The Time Analysis cost driver uses documented time keeping records of employee's labour hours in support of work provided to NSPI and its affiliates.

Costs are charged to NSPI and its affiliates based on the percentage of time worked for each affiliate. To determine the allocation percentage, the employee's total number of hours worked per company are divided by the total number of hours worked. This cost driver will be updated monthly.

The Time Analysis cost driver is used to allocate executive costs.

Project Analysis – The Project Analysis cost driver uses an estimate of time spent on activities for each affiliate. To determine the allocation percentage the amount of time spent on activities reported per company is divided by the total amount of time spent on all activities reported.

Support staff common costs for these cost centres will be allocated using the same percentage. This cost driver will be updated twice a year.

The Project Analysis cost driver is used to allocate the costs of:

- Internal Audit
- Corporate Secretary and General Counsel
- Environmental Policy and Procedures
- Corporate Tax
- Government Relations and Public Affairs
- Risk Management

Enterprise Employees - The Enterprise Employee cost driver uses the relative number of employees each affiliate has in the Emera organization. To determine the allocation percentage, the total number of affiliate employees is divided by the total number of Emera employees. The result is multiplied by the cost centre's common costs to determine the allocation to NSPI and its affiliates. This cost driver will use the number of employees at the end of March, June, September and December and will be updated quarterly.

The Enterprise Employee cost driver is used for Human Resources.

Total Capitalization – Total Capitalization uses the relative proportion of total debt and equity each affiliate has in Emera's consolidated capital structure. To determine the allocation percentage, the total capitalization of an affiliate is divided by the total enterprise capitalization and then multiplied by the cost centre's common costs to determine the allocation to NSPI and its affiliates. This cost driver will be updated quarterly.

The Total Capitalization cost driver is used to allocate the costs of Investor Relations and Treasury.

Number of Invoices - Number of invoices uses the relative proportion of invoices processed for each affiliate. To determine the allocation percentage, the number of invoices paid for an affiliate is divided by the total number of invoices paid. The result is multiplied by the cost centre's common costs to determine the allocation to NSPI and its affiliates. This cost driver will be updated monthly.

The Number of Invoices cost driver is used to allocate the costs of Accounts Payable.

Number of Journal Lines – Number of journal entry lines uses the relative proportion of accounting journal entries processed for each affiliate. To determine the allocation percentage, the number of journal lines processed for each affiliate is divided by the total number of journal lines processed. The result is multiplied by the cost centre's common costs to determine the allocation to NSPI and its affiliates. This cost driver will be updated monthly.

The Number of Journal Lines cost driver is used to allocate the costs of the Controllers' group.

Number of Board of Directors' Meetings – Number of Board of Directors' meetings uses the relative proportion of meetings held throughout the year for NSPI and Emera. To determine the allocation percentage, the number of meetings for each affiliate is divided by the total number of meetings. The result is multiplied by the general ledger account for Directors Fees and Expenses to determine the allocation to NSPI and its affiliates. This cost driver will be updated quarterly.

Number of Vehicles – Number of vehicles uses the relative proportion of vehicles owned or leased for each affiliate. To determine the allocation percentage, the number of vehicles owned or leased by each affiliate is divided by the total number of vehicles owned or leased. The result is multiplied by the vehicle insurance premium to determine the allocation to NSPI and its affiliates. This cost driver will be updated annually.

Asset Value – Asset value uses the relative proportion of total assets owned for each affiliate. To determine the allocation percentage, the asset value of each affiliate is divided by the total asset value. The result is multiplied by the property insurance premium to determine the allocation to NSPI and its affiliates. This cost driver will be updated annually.

Total Revenue - Total revenue uses the relative proportion of total revenue for each affiliate. To determine the allocation percentage, the total revenue of each affiliate is divided by the total revenue. The result is multiplied by the environmental and commercial general liability insurance premiums to determine the allocation to NSPI and its affiliates. This cost driver will be updated annually.

Determination of Overhead Allocation Rate

A 50% overhead load will be charged to NSPI's affiliates to cover indirect support costs not captured in the corporate support group cost centres. The

overhead allocation factor will be calculated and applied by Corporate Accounting. The overhead allocation rate will include the costs of services that support employees in their activities of providing services to NSPI or to affiliates. The overhead allocation should not include costs for plant assets, or specialized computer equipment used for NSPI activities. If additional, specialized equipment is required to service affiliate activities, the use of such equipment should be charged as a direct cost and should not form a part of the overhead allocation to labour.

The overhead allocation factor currently includes depreciation and carrying charges on office equipment, rent, I/T desktop support services and incentives.

Consultative corporate support services

Service Level Agreements will be developed in keeping with the Code of Conduct requirement for a fair allocation of costs between NSPI and its affiliates. The allocation to be used will be appropriate for the services provided.

All SLAs developed between NSPI and affiliates, are to be reviewed and approved by the Regulatory Affairs Representative to ensure an appropriate allocation of costs for Code of Conduct purposes.

Where No Fee has been Established

Where services provided are not covered under an established SLA or a cost-driver allocation methodology, costs will be allocated based on a direct cost plus overhead basis. All direct costs will be charged for the services provided, including materials and labour. In addition, an overhead charge will be added to direct labour amounts charged. Direct labour amounts include salary plus fringe benefit costs. This overhead amount will be based on a corporate wide overhead rate.

Responsibilities

Managers and employees will be responsible for:

- When time reporting is required, to ensure that employee time is fairly allocated to affiliates for work done in support of affiliate activities;

- When project activity reporting is required, to ensure that the cost centre's projects are fairly allocated to affiliates for work done in support of affiliate activities;
- To ensure that corporate support services costs that can be directly attributed to an affiliate, are directly charged to the affiliate.

Employees will be responsible for:

- Ensuring that their managers are aware of work conducted in support of affiliate activities so that appropriate allocations are made.
- Assisting their manager, when required, in estimating an appropriate allocation of time based on the employee's activities servicing affiliates.

Corporate Accounting will be responsible for:

- Identifying cost centres that provide services to both NSPI and its affiliates;
- Choosing allocation cost drivers;
- Identifying and calculating an appropriate overhead allocation factor to be charged to NSPI's affiliates;
- Processing the monthly allocation of common corporate support services costs and overhead load to NSPI's affiliates;
- Reviewing the cost drivers and the overhead allocation rate on a quarterly basis to assess the validity of the original assumptions and make adjustments as required;
- Re-evaluating the cost drivers and cost centres on an annual basis to assess their reasonableness.

Regulatory Affairs will be responsible for:

- Reviewing Service Level Agreements (SLAs) to verify pricing complies with Code of Conduct requirements
- Retaining a copy of each SLA for review by auditors, or by the UARB
- Providing guidance or assistance in interpreting the requirements of the Cost Allocation Policy when requested.

Reference

Code of Conduct:

Section 6.10

The costs of corporate support services will be fairly allocated between NSPI and its affiliates. The allocation factor employed will depend on the nature of the corporate support service.

Purpose

This guideline has been developed for the following purposes:

- To ensure compliance with Code of Conduct provisions relating to NSPI customer information
- To establish a process for control and release of customer information
- To provide guidance to NSPI employees on their responsibilities relating to control of customer information
- To define customer information and establish parameters for what is included in customer information

Scope

This guideline applies to customer information collected, compiled and maintained by NSPI for the purposes of providing regulated electric service.

Non-customer information which may be collected or compiled by NSPI in the course of its business operations is not governed by this guideline and will be controlled and released as deemed appropriate to the management of NSPI.

The guideline does not apply to customer information collected or compiled by NSPI affiliates in the course of their business operations.

Policy

Customer information will be controlled and released in accordance with the provisions of the Code of Conduct, such that, confidential customer information will not be released without the customer's prior consent, and customer information which has been authorized to be released will be provided in a non-discriminatory manner to affiliates and non-affiliates.

For the purposes of this guideline and application of Code of Conduct requirements, the following definitions are provided:

Customer Information – is any information which identifies or may be used to identify an individual customer of NSPI. Customer information includes both confidential customer information, as well as information which identifies the customer but which the

customer has consented to release. This includes Name, Address, Phone Number, or information which includes or is associated with information that identifies an individual client

Confidential Customer Information – is any information which identifies an individual customer, where that customer has not previously consented to the release of the information. Examples of confidential customer information include name, address, telephone number or e-mail address.

A fee may be charged by NSPI for provision of customer information. The fee will be payable by affiliates and non-affiliates who request customer information. The amount of the fee will be determined by NSPI and will be applied on a non-discriminatory basis.

Process

Employees Not to Provide Customer Information

In order to ensure consistent application and interpretation in the release of customer information to affiliates or to non-affiliates, all such requests are to be processed through a central point of contact.

Employees who receive requests for customer information, from an affiliate or from a non-affiliate, are to direct the inquiry to the designated contact for further information. The designated contact is the Manager of Customer Communications and Quality Assurance.

Distinction of Non-Customer Information

Information compiled by NSPI in the course of its business operations which does not meet the definition of customer information is not governed by this guideline. NSPI employees who have access to such non-customer information may discuss such information in keeping with good business practice and are not obliged to refer requests for such non-customer information to the central point of contact.

This does not exempt parties from confidentiality obligations established by management or other legislative requirements which may restrict such sharing of information.

Where it is unclear if information meets the definition of customer information, employees are to contact the central point of contact for clarification.

Fee to be Collected for Release of Information

A fee may be established for the release of NSPI customer information. Fees will be determined by NSPI, and the same fee will be required of both affiliate and non-affiliate requestors.

In cases where information is not readily available in a standard format, additional fees may be established to offset the cost of producing such information.

Establishment of Fees

Fees for customer information will be determined when a new request is received for customer information. Fees should reflect the full costs of providing such information and may include a premium in excess of costs.

Notwithstanding that subsequent requests for similar information may incur less cost for NSPI to provide such information, in order to ensure non-discriminatory access, the same fee will be charged to all requesting parties.

Fees may be revised such that the different fees are charged for similar information requests if the requests are not received within substantially the same period of time. Fees for similar requests will not be revised within a period of six months from the initial date of establishing the fee.

Process for Application

A standard process for requesting information is to be followed for both affiliates and for non-affiliates.

Parties requesting information will do so in written form, specifying the information they would like to receive.

Written requests will be sent to the central point of contact along with the customer's authorization to release such information.

Upon receipt of any required fee, the central point of contact will advise the responsible business unit to forward the appropriate information to the requesting party.

Does Not Apply to Customer Information of Affiliate

Customer information developed by an affiliate, will be compiled and maintained separately from NSPI customer information. Nothing in this guideline, or in the NSPI Interim Code of Conduct prohibits or places restrictions on the sharing of customer information compiled and developed by NSPI's affiliates.

Nothing in this guideline should be interpreted in preventing NSPI from establishing working partnerships with any party, affiliate or non-affiliate for the provision of unregulated services to their customers. Where such partnerships exist, and where the partner, affiliate or non-affiliate, with the knowledge and consent of the customer, develops customer information in parallel to NSPI, the partner's customer information is not restricted or controlled by NSPI's Interim Code of Conduct.

Access of Shared Employees is not "Providing" Information

NSPI employees who provide services to affiliates, or who have been seconded to affiliates, may have or continue to have access to NSPI customer information systems. Such access may be required based on the nature of their duties as an NSPI employee, or may not have been restricted for the secondment period.

An NSPI employee who has access to NSPI customer information systems, and who also has affiliate responsibilities is not in violation of this guideline. NSPI customer information is only "provided to" an affiliate when such information is available for use in the affiliate's business activities. Simple access to such information by an NSPI employee with joint responsibilities does not "provide" such information to the affiliate, and is therefore not a contravention of the Code of Conduct.

Employees are responsible to ensure that the access they have to NSPI customer information systems will not be used for the purposes of affiliate activities unless this information has been received as a result of the process outlined in this guideline.

Responsibilities

All Employees will be responsible for:

- Not releasing or discussing customer information with non-NSPI parties, affiliate or non-affiliate
- Ensuring that NSPI customer information to which they have access, is not used by or provided to affiliates through the course of shared employment responsibilities or secondment to an affiliate
- Referring all requests for customer information, from affiliates or non-affiliates, to the central point of contact for processing of their request.

The Central Point of Contact will be responsible for:

- Receiving requests for NSPI customer information from both affiliates and non-affiliates
- Collecting applicable fees for information released
- Ensuring that confidential customer information is not released without prior customer consent.
- Providing advice and direction to employees, affiliates, and non-affiliates on the process for release of customer information, and their responsibilities under this guideline

Regulatory Affairs will be responsible for:

- Providing advice and interpretation assistance in circumstances where requirements of the Code of Conduct or this guideline are unclear, or where further interpretation is necessary

Reference

Code of Conduct:

Section 6.3

NSPI will not provide confidential customer information to affiliates or other persons without prior customer consent.

Section 6.4

NSPI will provide customer information to NSPI affiliates and non-affiliates in a non-discriminatory manner.

Purpose

To ensure compliance with Code of Conduct provisions governing utility financing.

Scope

The application of this guideline includes all NSPI financing activities which may support an affiliate's activities, or organizational structure. This guideline does not apply to NSPI's use of funds or financing in establishing partnerships with affiliates or non-affiliates.

Policy

NSPI will apply for approval from the UARB for any loan or guarantee provided to or for an affiliate, or for any investment in an affiliate's securities, in accordance with section 5.3 of the Code. Board approval will be received prior to undertaking such loans, guarantees, or investments.

Where approval for such a loan, guarantee or investment in an affiliate is received from the UARB, NSPI will charge a market rate of return to the affiliate.

Where an affiliate provides financing assistance to NSPI, the utility will pay a market rate of return for such investments.

Process

Where NSPI wishes to provide financing assistance to an affiliate, either by way of a loan, guarantee, or direct investment, an application will be filed with the UARB in advance of such assistance being provided.

The NSPI executive will initiate an application to the UARB, and will be assisted in development and delivery of the application, as required, by Regulatory Affairs.

The application should specify the nature of the investment and the return expected by NSPI. The application should further indicate how the specified return corresponds to market rates of return.

Following receipt of UARB approval, any changes of substance made to the financial transaction will again be submitted to the UARB for further approval.

Responsibilities

NSPI Executive will be responsible for:

- Initiating and sponsoring any application for a guarantee for, loan to, or investment in an affiliate
- Ensuring the UARB approval is received prior to providing a guarantee, loan, or investment, to an affiliate

Regulatory Affairs will be responsible for:

- Assisting the NSPI executive in developing an application for approval for any financial assistance provided to an NSPI affiliate
- Liaison with the UARB, and developing or providing follow-up support for questions from the UARB.

Reference

Code of Conduct:

Section 5.1

NSPI's capital structure will reflect the Board approved capital structure.

Section 5.2

NSPI's capital structure will not be used to subsidize affiliate activities. Affiliate risks or losses will not be borne by NSPI's customers.

Section 5.3

NSPI shall not, without the prior approval of the Board, provide loans to, guarantee the indebtedness of, or invest in securities of an affiliate.

Section 6.7

NSPI will charge and be charged prices which reflect fair market value for all non-regulated utility goods and services provided to affiliates or purchased from affiliates, provided that in no case shall NSPI supply such goods and services at a loss.

Purpose

To ensure compliance with Code of Conduct section 6.2 governing the separation of financial records of NSPI and of its affiliates.

Scope

This guideline applies to the maintenance of separate financial records and systems for NSPI and for its affiliates, so that financial records and statements may be compiled for each organization from separate financial information.

Policy

NSPI and its affiliate organization will maintain separate financial records and information systems, to ensure that the costs of each organization are maintained separately.

Costs which are incurred by NSPI or its affiliates, which service NSPI and an affiliate jointly, may be recognized in the financial records of either company, and an appropriate allocation assigned to the other company. Nothing in this guideline intends to suggest that such practice is disallowed.

For the purposes of interpreting this guideline and section of the Code, separate information systems, means an information system wherein the financial records of NSPI and its affiliates are clearly separated from each other. Separate Information Systems does not mean separate computer infrastructure, hardware, software, or networking. Computer infrastructure may be shared between organizations, as long as financial systems may be maintained separately from each other.

Process

The current accounting systems allow and are designed to maintain separate records for NSPI and for its affiliates. Corporate Accounting will be responsible for maintaining the system of accounts such that the accounting records of NSPI and its affiliates are not intermingled.

Corporate Accounting, in co-operation with Corporate IT will ensure that any system changes to the accounting structure will consider and accommodate Code of Conduct requirements.

Responsibilities

Corporate Accounting will be responsible for:

Maintaining separate financial records for NSPI and for its affiliates
Ensuring that future system developments will allow for the continued separation of financial records

Corporate IT will be responsible for:

Working with corporate accounting to ensure that future system developments allow for the continued separation of financial records

Reference

Code of Conduct:

Section 6.2

The financial records of NSPI, as well as NSPI's information systems, will be kept separate from those of its affiliates.

Purpose

The Purpose of this guideline is to ensure compliance with the Code of Conduct and with the Public Utilities Act, for provisions which overlap or are included in both documents. This includes sections governing the provision of regulated services (Code of Conduct section 6.1 and 6.5), and sections governing the transfer of a capital asset between NSPI and an affiliate (Code of Conduct section 6.9)

Scope

This guideline applies to all transactions between NSPI and its affiliates involving the transfer of a Capital Asset, or involving the provision of a regulated service from NSPI to an affiliate.

Policy

NSPI will ensure compliance with Code of Conduct and Legislative obligations regarding the provisions of regulated electric services, the cost of such regulated services, and the transfers of capital assets between NSPI and its affiliates.

NSPI will charge Board approved rates for the provision of regulated services to both affiliates and non-affiliates in a non-discriminatory basis.

NSPI will apply to the Board for approval to acquire or sell capital assets which are transferred between NSPI and its affiliates. The process will be the same as the current application process governing acquisition and sale of any capital asset, as outlined in sections 35, 35A, and 62 of the Public Utilities Act.

Process

For the purposes of providing regulated electric or other utility services to an NSPI affiliate, the affiliate is to be treated as any other regulated customer of NSPI. Standard policies, procedures and rates which govern the provision of regulated services to non-affiliates will also be used to govern the provision of regulated services to NSPI affiliates.

Where a capital asset is required, and is to be acquired from an affiliate, an application will be filed with the UARB for approval to acquire the capital asset. The business unit requiring the capital asset will prepare the application in keeping with NSPI's Capital Expenditure Justification Criteria, and will compile any required analysis supporting the application.

Where a capital asset is to be transferred from NSPI to an affiliate, an application for retirement of a capital asset will be filed with the UARB. The application will provide explanation for the transfer, specify the transfer price, and provide any analysis and supporting details to justify the asset transfer. The application will be prepared and sponsored by the NSPI business unit disposing of the capital asset.

Regulatory Affairs will assist in the development of the required applications, and will coordinate submission to the UARB.

Responsibilities

Regulatory Affairs will be responsible for:

- Liaison with the UARB, including applications for acquisition or disposal of capital assets; and Code of Conduct inquiries or reporting.
- Providing advice and guidance on issues relating to the Code of Conduct.

Customer Operations will be responsible for:

- Ensuring regulated electric and other utility services are provided to affiliates and non-affiliates in a non-discriminatory manner.

Business Units will be responsible for:

- Preparing a business case for submission to the UARB in support of acquisition or disposal of capital assets as required.

Reference

Code of Conduct:

Section 6.1

NSPI will provide access to regulated utility services on a non-discriminatory basis and will not in respect of those utility services directly or indirectly state, imply or offer any preference or favoured treatment to NSPI's affiliates or persons purchasing affiliate goods and services.

Section 6.5

NSPI will charge Board approved rates for all regulated electric and other utility services provided to affiliates.

Section 6.9

Where a capital asset is transferred from NSPI to an affiliate or from an affiliate to NSPI, that asset will be transferred at a price to be approved by the Board in advance.

Public Utilities Act:

§35 Approval of improvement over \$5,000

No public utility shall proceed with any new construction, improvements or betterments in or extensions or additions to its property used or useful in furnishing, rendering or supplying any service which requires the expenditure of more than five thousand dollars without first securing the approval thereof by the Board.

§35A (1) Approval of annual capital expenditure program

Notwithstanding Section 35, Nova Scotia Power Incorporated may submit to the Board for approval an annual capital expenditure program.

§35A (2) Consequence of approval

Where the plan referred to in subsection (1) is approved by the Board, Nova Scotia Power Incorporated may make the capital expenditures referred to in the plan without any further approval by the Board.

§35A (3) Approval not required

Nova Scotia Power Incorporated may make a capital expenditure not contained in the capital expenditure program referred to in subsection (1), without the approval of the Board, where that expenditure does not exceed twenty-five thousand dollars.

§62 Approval for transfer of undertaking

Notwithstanding the provisions of any Act of the Legislature, no public utility shall sell, assign or transfer the whole of its undertaking or any part thereof to any person or corporation except with the approval of the Board first had and obtained.

§64 (1) Approval of schedule of rates and charges of utility

No public utility shall charge, demand, collect or receive any compensation for any service performed by it until such public utility has first submitted for the approval of the Board a schedule of rates, tolls and charges and has obtained the approval of the Board thereof.

§64 (2) Filing with Board

The schedule of rates, tolls and charges so approved shall be filed with the Board and shall be the only lawful rates, tolls and charges of such public utility until altered, reduced or modified as provided in this Act.

This guideline was intended to address a process for ensuring Code of Conduct Compliance when fuel procurement for NSPI fell within Emera Energy.

This is no longer relevant, as fuel procurement moved back to NSPI from Emera Energy following the 2002 Rate Application Decision.

Purpose

To ensure compliance with section 3.2 of NSPI's Interim Code of Conduct (the Code), regarding the required filing of a complete list of affiliates.

Scope

All affiliates of NSPI are to be included in the list which is required to be filed with the UARB.

Affiliates for the purposes of this guideline, which are to be included on the list are those considered affiliates under the Interim Code of Conduct. Under the Code, the term "affiliates" is to be interpreted in accordance with Sections 2 (2), 2(3), and 2(4) of the Nova Scotia Companies Act.

Companies which do not meet the definition of affiliate as noted above, but which are associated with NSPI by virtue of some form of relationship, such as an operational partnership, or ownership below the "affiliate" threshold, are not required to be included on the list of affiliates.

Notwithstanding that companies which do not meet the definition of affiliate are not required to be included in the list of affiliates filed with the Board, such companies may, from time to time or in some circumstances, appear on the list.

Inclusion of such non-affiliates on the list of companies filed with the Board does not indeed establish them to be affiliates, nor does it extend the requirements of the Code of Conduct to interactions between such companies and NSPI. The definition of affiliate, and the scope of the Code will continue to be determined by the Code, and will not be extended by virtue of the affiliate list filed with the Board.

Furthermore, inclusion of non-affiliate companies on the list of affiliates filed with the Board, does not obligate NSPI to include all such non-affiliates on the list, nor does it obligate NSPI to include such non-affiliates on future lists.

Policy

A list of all NSPI affiliates, as defined by the Code of Conduct and the Nova Scotia Companies Act will be filed with the Nova Scotia Utility and Review Board (the Board). In accordance with Code requirements, this list will include the name and address of each affiliate, a brief description of its activities and the names, addresses and telephone numbers of all of its officers.

This list will be filed with the UARB when the Interim Code of Conduct becomes effective, and will be updated annually thereafter. An updated list will be submitted to the Board annually, along with other reporting required by the Board, by April 30.

Process

The list of affiliates will be compiled by the Corporate Secretary's Office and will include the information required by the Code of Conduct. The information to be included will be:

- The name and address of each affiliate;
- A brief description of the affiliates' activities; and
- The names, addresses, and telephone numbers of all of the affiliates' officers.

In preparation for the annual submission of Code of Conduct reporting, Regulatory Affairs will request the Corporate Secretary's Office to prepare an updated list for filing with the Board. Upon receipt of the updated list from the Corporate Secretary's Office, Regulatory Affairs will submit the list to the Board.

The list will be up to date at the time prepared, and will include all companies affiliated with NSPI as defined by the Code of Conduct.

Responsibilities

The Corporate Secretary's Office shall:

- On request prepare the list of affiliates required for Code of Conduct compliance

Regulatory Affairs shall:

- Notify the Corporate Secretary's Office of the requirement for an updated list of affiliates
- Submit the list provided to the Board along with other items required for annual reporting

Reference

Code of Conduct:

Section 3.2

NSPI will maintain a complete list of all of its affiliates. The list will include the name and address of each affiliate, a brief description of its activities and the names, addresses and telephone numbers of all of its officers. The list will be kept on open file with the Nova Scotia Utility and Review Board (Board).

Footnote regarding the term affiliate:

For the purposes of this Code of Conduct, the term "affiliate" shall be interpreted in accordance with Sections 2(2), 2(3), and 2(4) of the Nova Scotia Companies Act.

Nova Scotia Companies Act:

2 (2) Deemed affiliate

A company shall be deemed to be an affiliate of another company if one of them is the subsidiary of the other or if both are subsidiaries of the same company or if each of them is controlled by the same person.

2 (3) Deemed control

A company shall be deemed to be controlled by another person or by two or more companies if

- (a) voting securities of the first-mentioned company carrying more than fifty per cent of the votes for the election of directors are held, otherwise than by way of security only, by or for the benefit of the other person or by or for the benefit of the other companies; and
- (b) the votes carried by such securities are entitled, if exercised, to elect a majority of the directors of the first-mentioned company.

2 (4) Deemed subsidiary

A company shall be deemed to be a subsidiary of another company if

- (a) it is controlled by
 - (i) that other, or
 - (ii) that other and one or more companies each of which is controlled by that other, or
 - (iii) two or more companies each of which is controlled by that other; or
- (b) it is a subsidiary of a company that is that others subsidiary.
R.S., c. 81, s. 2; 1990, c.15, s. 2.

Purpose

To ensure compliance with NSPI Interim Code of Conduct (the Code), regarding the corporate structure of NSPI, and the provision of services regulated by the Nova Scotia Utility and Review Board (the Board).

Scope

This guideline relates to the corporate structure of NSPI and of Emera, its parent organization, and to the provision of regulated services by organizations within that structure.

Policy

In keeping with the NSPI Code of Conduct, Section 3.1, services regulated by the Board will be provided solely by NSPI and by no other affiliate.

Services regulated by the Board are those services described in section 2(f) of the Public Utilities Act of Nova Scotia.

Process

The corporate structure of Emera will be determined by the corporation's executive. Executive members are aware of the obligations established under the Code of Conduct and will ensure that Emera's corporate structure complies with Code requirements.

Emera's executive will approve any changes to the organization's corporate structure, thereby ensuring that changes will be made in compliance with Code requirements.

Responsibilities

The Emera Executive is responsible for:

Determining the corporate structure for Emera, and approving any changes to corporate structure. Changes to corporate structure will be made in compliance with Code requirements.

Reference

Code of Conduct:

Section 3.1

EMERA, the parent company of NSPI, will create and maintain a corporate organizational structure which ensures that regulated electric and other utility services are provided solely by NSPI and by no other affiliate.

Public Utilities Act:

Section 2 (f)

"service" includes

- (i) the conveyance for compensation by a public utility of passengers,
- (ii) the conveyance or transmission for compensation by a public utility of telephone messages,
- (iii) the production, transmission, delivery or furnishing to or for the public by a public utility for compensation of electrical energy for purposes of heat, light and power,
- (iv) repealed 1997, c. 4, s. 43.
- (v) the production, transmission, delivery or furnishing to or for the public by a public utility for compensation of water,
- (vi) the production, transmission, delivery or furnishing to or for the public by a public utility for compensation of steam heat,
- (vii) the extraction, transmission, delivery or furnishing to or for the public by a public utility for compensation of a geothermal resource,
- (viii) the production, transmission, delivery or furnishing to or for the public by a public utility for compensation of geothermal energy or heat;

Purpose

To ensure that NSPI remains in compliance with the Code of Conduct on an ongoing basis, and to meet the obligation of conducting management reviews as established in section 8.1 of the NSPI interim Code of Conduct.

Scope

This guideline applies to all affiliate transactions.

Policy

In order to ensure compliance, NSPI will conduct a review of affiliate transactions with the intention of verifying that transactions are in compliance with the Code of Conduct and that documentation has been developed to support compliance.

The form of the review will be a comparison of all affiliate transactions recorded on our accounting system, with supporting documentation developed by Corporate Accounting and Regulatory Affairs.

Transactions for which no supporting documentation has been developed will be identified, and the transaction will be reviewed to verify compliance with the Code. Appropriate documentation will be compiled for compliant transactions to demonstrate compliance.

Process

Corporate Accounting will prepare a report of all affiliate transactions from financial system records. This report will be prepared at the end of each quarter year period, and will be forwarded to Regulatory Affairs.

Corporate Accounting will review the listing of affiliate transactions to ensure that appropriate documentation has been compiled. Any concerns will be brought to the attention of Regulatory Affairs.

Responsibilities

Corporate Accounting will be responsible for:

- Producing, on a quarterly basis, a report which lists affiliate transactions recorded in accounting records
- Providing a copy of this report to Regulatory Affairs.

Regulatory Affairs will be responsible for:

- Reviewing the report prepared by Corporate Accounting along with any discrepancies

Reference

Code of Conduct:

Section 8.1

NSPI will inform all its managers and employees directly involved in affiliate activities of their expected behaviour relative to the Code of Conduct and will undertake annual management reviews to ensure compliance.

Purpose

To ensure compliance with Sections 1.0, 2.1 and 6.11 of the Code; with respect to the interpretation of “benefit to the customers of NSPI”.

Scope

This applies to all transactions between NSPI and any of its affiliates.

Policy

Affiliate transactions, per the UARB, are to provide a benefit to NSPI customers. A benefit may be *either* quantitative, qualitative, or both. Benefit will depend on the nature of the transaction.

An example of a quantitative benefit could be a better price that NSPI would receive in comparison to competitive alternatives.

A benefit may also be qualitative. Examples of qualitative benefits include considerations such as flexibility in the ability to provide a good or service.

Pricing must be in accordance with Section 6.0 of the Code (and Guideline 3). That is, where it is possible to determine a Fair Market Value (FMV), the FMV will be used as the price of a good or service exchanged between NSPI and an affiliate. Where the FMV for an exchange of good or service cannot be determined, that transaction will be priced at the Fully Allocated Cost of the transaction. Prices of Corporate Support Services will not be governed by FMV, but rather, they will be determined through the cost allocation methodology developed for the service in question (as outlined in Guideline 4).

Process

Prior to finalizing a transaction that involves NSPI and a NSPI affiliate, a representative from Regulatory Affairs will review the transaction. It will be the responsibility of the NSPI Business Unit or Shared Service Unit representative to ensure that an appropriate analysis of the transaction is undertaken consistent with the Code of Conduct.

Responsibilities

The NSPI Business Unit or Shared Service Unit will be responsible for:

- Developing and retaining documented information supporting the determination of the benefit in the transaction, whether quantitative or qualitative.
- Providing that documentation to the departments listed below.

The Affiliate will be responsible when requested by NSPI for:

- Assisting NSPI in determining the benefit to NSPI's customers, either qualitative or quantitative.

The NSPI Finance Department will be responsible for:

- Securing the documentation from the NSPI Business Unit or Shared Service Unit and retaining the documentation in accordance with accounting and auditing standards.

The Emera Procurement Department will be responsible for:

- Assisting the NSPI Business Unit, Shared Service Unit, or an Affiliate with development of a fair market value where applicable.
- Documenting compliance with procurement procedures.

Regulatory Affairs will be responsible for:

- Assisting the NSPI Business Unit, Shared Service Unit, or an Affiliate with interpretation of a qualitative or quantitative benefit.
- Clarifying any situation where Code of Conduct provisions are not clear.
- Liaison with the UARB when external information or support is required.