Request IR-1:

(a) Please confirm that the methodology for calculating short term debt in this 2025 Application includes two variations to the prior methodology approved: (1) NSPI is using the Bloomberg Outlook rate, and (2) the Canadian Overnight Repo Rate Average ("CORRA") has now been adopted in the methodology for calculation short-term debt? If there are any other changes, please explain.

(b) Please confirm that these variations in the methodology used for 2025 are not yet part of the "Board approved methodology".

(c) After discontinuance of CDOR, in June 2024, what process and criteria led to adoption of CORRA (versus any other benchmark reference)?

Response IR-1:

(a) The Company has used the estimate of Canadian Treasury Bills from Bloomberg representing the opinion of analysts at 11 banks as opposed to sourcing the rates from analysts at 5 Canadian Banks. The methodology remains the same whereby NS Power estimates the cost of borrowing commercial paper using Canadian Treasury bills as the starting point.

CORRA has been adopted as the Canadian dollar benchmark reference rate in response to CDOR's discontinuation.

(b) The methodology that has used in previous calculations of NS Power's WACC/AFUDC rate that have been approved by the Board involved NS Power forecasting its short-term borrowing rate by calculating the spread between NS Power's commercial paper rate and forecast Canadian Treasury Bill rates.

Sourcing additional analyst forecasts of Treasury Bill rates through Bloomberg and transitioning from the discontinued CDOR benchmark rate to the Term CORRA rate in the calculation of the spread between Treasury Bills and NS Power's commercial paper interest rates does not change the fact that NS Power is forecasting its short-term borrowing rate by calculating the spread between NS Power's commercial paper rate and forecast Canadian Treasury Bill rates. As such, NS Power views the methodology used for calculation of its short-term borrowing rate in this application to be aligned with the methodology that has been previously used in Board-approved filings.

(c) The adoption of the Term CORRA benchmark rate was not a decision made by the Company. In Canada, the Bank of Canada and the Canadian Fixed Income Forum (CFIF) established the Canadian Alternative Reference Rate (CARR) Working Group to coordinate Canadian interest rate reform. As part of the reform efforts the CDOR benchmark rate has ceased to exist and the Term CORRA benchmark rate has been developed as the replacement.

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Request IR-2:

Reference: Page 6, lines 20-26 and Reference: Matter M11563, Exhibit N-3, NSPI (IG) RIR – 1 (f)

Preamble: NSPI references the exemptive relief given in 2023 to participate in the 2023 Commercial Paper Market within this application. In the last WACC/AFUDC application, M11563, NSPI confirmed that it had a further restriction for 2024 that required its Commercial Paper Securities only be sold in Canada and that the sales be made only to Canadian Qualified Purchasers.

(a) Please confirm if there remains any restriction(s) on NSPI's participation in the Commercial Paper market in 2025? And if so, please describe.

(b) If so, please explain whether any of the Financial Institutions published by Bloomberg would contravene the restriction(s) imposed? If so, what is the impact of breaching such a restriction? If not, please explain.

Response IR-2:

(a) The restrictions are consistent with 2024. The restriction in the exemptive relief orders requires that Commercial Paper securities only be sold in Canada to Canadian Qualified Purchasers that are "accredited investors" and that each Canadian Dealer apply procedures to ensure that sales of Notes are made only to Canadian Qualified Purchasers.

(b) Please refer to SBA IR-2(d).

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Request IR-3:

Reference: Figure 1, page 8, NSPI has provided a table comparing the Bloomberg forecast rate to the estimated short-term rate obtained using three-month T-Bills from Scotiabank, BMO, RBC, CIBC and TD Bank, as was requested by the Board in M11563.

And Reference: Page 8, lines 6-10

> ***As the short-term debt represents a small portion of the Company's capital structure, the impact of a difference in short-term interest rates is not significant to the forecast WACC rate. For example, if the Company used the three-month T-Bills rate of 4.86 percent instead of the Bloomberg Outlook rate of 5.19 percent, the 2025 WACC rate would change by 0.005 percent.***

(a) Please update the table to include the comparative data dating back to encompass a ten-year period i.e. 2015 to 2025.

(b) Please also provide a column outlining the WACC rate impact that would result if the Bloomberg Outlook rate were used for each year instead of the previously approved five Canadian Banks rate.

(c) What is the dollar amount associated with the interest payable on the 0.005% difference when using the Bloomberg rate?

(d) NSPI further notes that using the Bloomberg rate results in an "improved forecast process" (line 13). Please elaborate on what this means, and identify any cost savings by using this new methodology?

(e) For 2025, the Bloomberg rate is notably higher than the Short-term Interest Rate Forecast using 3-month T-Bills from the five Canadian Banks, which differs from the

prior years' data provided. Can NSPI elaborate on why that is the case, and explain why the higher rate noted from Bloomberg data is more appropriate than the Canadian Bank rates for 2025?

Response IR-3:

(a) The historical data contained in the Bloomberg Terminal does not provide information prior to 2022. Therefore, the Company is not able to provide the requested information.

(b) Please see the table below:

Short-term Interest Rate Forecast Method Comparison and Actuals (percent)			
Year	WACC using 3-month T-Bills from 5 Canadian Banks	WACC using 3*-month T-Bills from Bloomberg Outlook	Impact
2022	6.33	6.33	0.00
2023	6.48	6.48	0.00
2024	6.72	6.71	0.01
2025	6.65	6.66	0.01

* Figure 1 in the Company's submitted filing should have read "Short-term Interest Rate Forecast using Bloomberg Outlook **3** month T-Bills".

(c) NS Power estimates deferred financing costs in 2024 would decrease by approximately $9 thousand as a result of applying the updated WACC/AFUDC rate. The rounded WACC rate would decrease from 6.66 percent to 6.65 percent.

(d) Using the Bloomberg Outlook consensus rate allows NS Power to generate an interest rate forecast for 3-month Canadian Treasury Bills based upon the opinion of analysts from 11 banks. The previous methodology required a manual effort to gather the relevant information from five websites, manually transcribe them to Excel, and then calculate the average. These steps would be eliminated which saves time and limits the potential for transcription error. In addition to efficiency, the approach incorporates the opinion of analysts from a greater number of banks (11 vs. 5) which should increase the robustness of the consensus rate.

(e) NS Power can not comment specifically on why the interest rates estimated by some analysts were higher than their peer analysts at Canadian banks. Because opinions can vary between analysts, and the rate forecast is the average of those views, the incorporation of a greater number of analyst opinions should limit the impact of individual views and create a more robust average.

Request IR-4:

Reference: **Appendix A – FOR-10 and M11563, N-3 NSPI (IG) IR-2**

(a) **Please explain why, in presenting its Estimated Cost of Capital for 2025, NSPI includes the WMA preferred shares (in relation to the BESS Project) as a "Long-Term Debt", rather than showing it as a category of equity in addition to Common Equity?**

(b) **If presented as a category of equity would this affect NSPI's allowed and actual equity thickness, and if so, please provide the recalculation.**

(c) **Please explain why Series "F", maturing May 19, 2025 at a cost of $4.2 million has a blank line when last year it represented $125 million in debt.**

(d) **What is NSPI's forecasted actual equity thickness?**

Response IR-4:

(a) NS Power applied ASC 480, Distinguishing Liabilities from Equity, to determine the appropriate accounting treatment for the WMA preferred shares. As a result of the mandatory redemption feature inherent in the preferred share terms, the Company concluded, and its external auditors agreed, that the preferred shares should be accounted for as a liability on the balance sheet with the cost of financing recorded within Interest Expense, Net.

(b) The preferred shares are recognized as a liability and do not impact NS Power's allowed or actual equity thickness. NS Power previously had preferred shares within the Company's capital structure and included these in the WACC/AFUDC rate calculation during the 2013-2014 General Rate Application proceeding. The inclusion of preferred shares did not

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impact the target common equity percentage for the purposes of calculation of the WACC/AFUDC rate, which was 37.5 percent at the time, or the maximum common equity percentage to be included in the calculation of Nova Scotia Power's maximum earnings of 40 percent.

(c) Please refer to NSUARB IR-09.

(d) Please refer to NSUARB IR-06 (c-d).

Request IR-5:

In FOR-11, please explain the increase in a) "Other financing charges & adjustments" and b) amortization of deferred financing charges.

Response IR-5:

(a) The increase related to other financing charges and adjustments is due to lower interest income from the Company's equipment financing program. The Company receives annual principal repayments which reduce the outstanding loan balance and decrease the interest income earned.

(b) Please refer to NSUARB IR-10.

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Request IR-6:

Has there been any change to NSPI's credit rating or any other changes that materially affect NSPI's access to capital and borrowing costs since last year? If so, please explain and provide an assessment of the impacts the change(s) may have.

Response IR-6:

S&P Global and DBRS both affirmed the Company's existing credit rating. S&P Global revised the Company's outlook from negative to stable on January 22, 2025, while DBRS maintained the Company's stable outlook. There have been no material changes to the Company's access to or cost of capital since last year.