REDACTED (CONFIDENTIAL INFORMATION REMOVED)

Nova Scotia POWER
An Emera Company

PO Box 910 ● Halifax, Nova Scotia ● Canada ● B3J 2W5

March 28, 2025

Crystal Henwood
Regulatory Affairs Officer/Clerk
Nova Scotia Utility and Review Board
1601 Lower Water Street, 3rd Floor
P.O. Box 1692, Unit "M"
Halifax, NS B3J 3S3

Dear Ms. Henwood:

Re: M11990 – Nova Scotia Power Inc. – WACC and AFUDC Rates Application 2025 Compliance Filing

Nova Scotia Power Incorporated (NS Power, the Company) submitted an application to set the Allowance for Funds Used During Construction (AFUDC) and Weighted Average Cost of Capital (WACC) rate for the Company for use in 2025 to the Nova Scotia Utility and Review Board (NSUARB, Board) on November 28, 2024.

NS Power responded to Information Requests (IRs) from Board Staff, the Consumer Advocate (CA), Small Business Advocate (SBA), and Industrial Group (IG) on January 30, 2025. On February 13, 2025, Submissions were filed by the CA, SBA, and IG. NS Power submitted Reply Evidence on February 21, 2025.

On March 21, 2025, the Board issued its decision on NS Power's Application. NS Power was directed by the NSUARB to file a Compliance Filing by March 28, 2025, with the Board stating:

> The Board will reserve its decision on the adoption of the Bloomberg forecast. NS Power is directed to continue submitting short term interest rates under the Board approved method of obtaining three-month T-Bills from Canada's five major banks and the Bloomberg Outlook 3-month T-Bills. NS Power is directed to use 4.86% for its short-term interest rate in the calculation of WACC and AFUDC. NS Power is directed to file a Compliance Filing by March 28, 2025, applying the forecast interest rate of 4.86% in its WACC and AFUDC calculation.

Please refer to **Partially Confidential Attachment 1** for a copy of NS Power's Compliance Filing.

Any further questions on this matter may be directed to my attention.

Yours truly,

Mike Willett

Michael Willett
Director Regulatory Finance

c. Chris Smith, NS Power
Judith Ferguson, NS Power
William Mahody, K.C.

Nova Scotia Power Inc. FOR-10

Estimated Average Capital and Cost of Capital
Year Ended December 31st
Thousands of Dollars

2025 Budget

2025	(1) Opening	(2) Closing	(3) Average Capital	(4) Capital Ratio	(5) Cost Pre-tax Factor	(6) Cost After-tax Factor	(7) Weighted Pre-tax Cost	(8) Weighted After-tax Cost
Estimated Cost of Capital								
Short-term debt	9,835	165,932	87,884	1.5%	4.86%	3.45%	0.08%	0.05%
Long-term debt	3,207,801	3,435,467	3,321,634	58.5%	5.09%	3.62%	2.98%	2.11%
Total debt	3,217,636	3,601,399	3,409,518	60.0%			3.05%	2.17%
Common equity	2,145,091	2,400,933	2,273,012	40.0%	9.00%	9.00%	3.60%	3.60%
Total	**$5,362,728**	**$6,002,332**	**$5,682,530**	**100.0%**			**6.65%**	**5.77%**

Notes:
1) Figures presented reflect whole numbers which may cause $1M in rounding differences on some line items.
2) Pre-tax equity cost excludes the income tax gross-up factor.
3) Average capital reflects average of year-end balances.

Nova Scotia Power Inc. **CS-1-3**

Capital Structure and Ratios
Year Ended December 31st
Millions of Dollars

2025 Budget

1			(1)				(1)
2			**Proposed Rates 2025**	**Actual Interest Rate**	**Projected Interest Rates**	**Weighted Average Interest Rate**	**Total Interest Cost**
3	**Capitalization:**						
4	Debt %		60.0%				
5	Common %		40.0%				
6	Total Regulated Capitalization ($):		$6,002				
7							
8	**Financial Ratios:**						
9	Return on average common equity (%)		9.0%				
10	Average common equity ($)		$2,273				
11							
12	**Details of Debt:**						
13	Short-Term ($M):						
14	Current portion of long-term debt		-				
15	Bank indebtedness		165.9		3.86%		4.3
16	**Total Short-Term Debt**		**$165.9**	**-**	**3.86%**		**$4.3**
17							
18	**Long-Term ($M):**	**Maturity Date**					
19							
20	Series: "F"	19-May-2025	-	8.85%		0.13%	4.2
21	Series: "M"	14-Aug-2026	40.0	8.50%		0.10%	3.4
22	Series: "P"	9-Apr-2029	40.0	6.28%		0.08%	2.5
23	Series: "R"	14-Jul-2031	75.0	7.45%		0.17%	5.6
24	Series: "S"	25-Aug-2033	200.0	6.95%		0.42%	13.9
25	Series: "V"	14-Nov-2035	150.0	5.67%		0.26%	8.5
26	Series: "L"	21-Mar-2036	60.0	8.30%		0.15%	5.0
27	Series: "N"	25-Jul-2097	50.0	7.60%		0.11%	3.8
28	Series: "W"	27-Jul-2039	200.0	5.95%		0.36%	11.9
29	Series: "X"	15-Jun-2040	300.0	5.61%		0.51%	16.8
30	Series "Y"	5-Mar-2042	250.0	4.15%		0.31%	10.4
31	Series "Z"	5-Jul-2043	300.0	4.50%		0.41%	13.5
32	Series "AA"	1-May-2045	175.0	3.61%		0.19%	6.3
33	Series "AB"	3-Apr-2049	400.0	3.57%		0.43%	14.3
34	Series "2020-1"	24-Apr-2050	300.0	3.31%		0.30%	9.9
35	"2023-1" 4.951% NOV 15/32	15-Nov-2032	300.0	4.95%		0.45%	14.9
36	"2023-2" 5.355% MAR 24/53	24-Mar-2053	200.0	5.36%		0.32%	10.7
37	WMA Preferred Shares	Multiple	[redacted]				
38	Forecasted Issue (2025)	1-Jun-2035					
39	Forecasted Issuance (CIB)	21-May-2047	89.9	2.51%		0.05%	1.7
40	**Total Long-Term Debt**		**$ 3,439.9**			**5.01%**	**$166.5**
41							
42							
43	Unamortized discounts, net		(4.5)			0.08%	2.6
44	Capital Lease Obligations		-				
45	**Total Long-Term Debt, net of Financing costs**		**$ 3,435.5**			**5.09%**	**$169.1**
46							
47	**Notes:**						
48	1) Figures presented reflect whole numbers which may cause $0.1M in rounding differences on some line items.						

Nova Scotia Power Inc. **FOR-11**

Details of Interest and Other Expenses

Year Ended December 31st

Millions of Dollars

2025 Budget

		(1)
1		(1)
2		**Proposed Rates 2025**
3	Interest on long-term debt	$167
4	Interest on short-term borrowings	$4
5	Other financing charges & adjustments	$1
6	Amortization of deferred financing charges	$2
7	Foreign Exchange	$0
8	**Total Regulated Financing Cost**	**$173**
9		

10 **Notes:**

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

Nova Scotia Power Inc.

Details of Long-Term Debt Interest Calculation
Year Ended December 31st
Millions of Dollars

2025 Budget

	Issue Date	Maturity	Volume ($)	Rate	2025 Total
Long-Term Debt Interest Expense					
Series "F"	19-May-1995	19-May-2025	-	8.85%	**4.2**
Series "L"	21-Mar-1996	21-Mar-2036	60	8.30%	**5.0**
Series "M"	07-Aug-1996	14-Aug-2026	40	8.50%	**3.4**
Series "N"	25-Jul-1997	25-Jul-2097	50	7.60%	**3.8**
Series "R"	12-Jul-2001	14-Jul-2031	75	7.45%	**5.6**
Series "S"	25-Aug-2003	25-Aug-2033	200	6.95%	**13.9**
Series "P"	09-Apr-1999	09-Apr-2029	40	6.28%	**2.5**
Series "V"	14-Nov-2005	14-Nov-2035	150	5.67%	**8.5**
Series "W"	27-Jul-2009	27-Jul-2039	200	5.95%	**11.9**
Series "X"	15-Jun-2010	15-Jun-2040	300	5.61%	**16.8**
Series "Y"	05-Mar-2012	05-Mar-2042	250	4.15%	**10.4**
Series "Z"	05-Jul-2013	05-Jul-2043	300	4.50%	**13.5**
Series "AA"	30-Apr-2015	01-May-2045	175	3.61%	**6.3**
Series "AB"	04-Apr-2019	05-Apr-2049	400	3.57%	**14.3**
Series "2020-1"	24-Apr-2020	25-Apr-2050	300	3.31%	**9.9**
"2023-1" 4.951% NOV 15/32	24-Mar-2023	15-Nov-2032	300	4.95%	**14.9**
"2023-2" 5.355% MAR 24/53	24-Mar-2023	24-Mar-2053	200	5.36%	**10.7**
WMA Preferred Shares	[redacted]				
Forecast Issuance 2025	[redacted]				
Forecast Issuance (CIB)	26-Jul-2024	21-May-2047	90	2.51%	**1.7**
Capital Lease Obligations			-		**-**
Unamortized Discount, net			(4)		**-**
Total Long-Term Debt Interest Expense					**166.5**
Other financing charges and adjustments (note 1)					**0.8**
Amortization of deferred financing charges					**1.8**
Total Long-Term Debt Expenses					**169.1**
Opening, Long-Term Debt					3,207.8
Ending, Long-Term Debt					3,435.5
Average Long-Term Debt, 2025					**3,321.6**
Long-Term Debt Cost					**5.09%**

Notes:
(1) Other financing charges are based on historical fees charged by financial service providers (bank, rating agencies), offset by interest income earned on Nova Scotia Power's on bill financing program
(2) Figures presented reflect whole numbers which may cause $0.1M in rounding differences on some line items

Nova Scotia Power Inc.

Details of Short-Term Debt Interest Calculation

Year Ended December 31st

Thousands of Dollars

2025 Budget

NSPI CP Forecast, As of August 20, 2024

	2025			
Commercial Paper Rates	**Q1/25**	**Q2/25**	**Q3/25**	**Q4/25**
BMO (Aug 7)	3.45%	3.15%	2.95%	2.95%
BNS (Jul 18)	3.55%	3.30%	3.20%	3.20%
CIBC (Aug 10)	3.00%	2.90%	2.70%	2.50%
TD (Aug 26)	3.13%	2.88%	2.63%	2.38%
RBC (Aug 14)	3.60%	3.20%	3.00%	3.00%
3 Month T-Bills	3.35%	3.09%	2.90%	2.81%
3 month Term Corra to 3 month Tbills Spread (6 mth avg)	0.03%	0.03%	0.03%	0.03%
3 Month Term Corra Rates	3.38%	3.12%	2.93%	2.84%
3 month to 1 month TC spread (current)	0.00%	0.00%	0.00%	0.00%
1 Month Term Corra	3.38%	3.12%	2.93%	2.84%
Term Corra Credit Spread Adjustment	0.29%	0.29%	0.29%	0.29%
Estimated CP Rate	**3.67%**	**3.41%**	**3.22%**	**3.13%**
Current NSPI spread	0.51%	0.51%	0.51%	0.51%
All In CP Rates	**4.18%**	**3.92%**	**3.73%**	**3.64%**

Interest Rate Calculation per WACC methodology

Opening, Short-Term Debt	9,835
Ending, Short-Term Debt	165,932
Average Short-Term Debt Balance, 2025	**87,884**
Interest on Short-Term Debt :	**4,271**
Short-Term Debt cost	**4.86%**

	Dec-24	**Jan-25**	**Feb-25**	**Mar-25**	**Apr-25**	**May-25**	**Jun-25**	**Jul-25**	**Aug-25**	**Sep-25**	**Oct-25**	**Nov-25**	**Dec-25**	**Total**
Forecasted Balances of Short-Term debt by month	9,835	60,568	44,785	61,177	145,891	255,252	20,475	45,207	90,237	102,722	175,071	179,053	165,932	
Interest Expense by month		211	156	213	476	833	67	140	280	319	530	543	503	**4,271**

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

Nova Scotia Power Inc.

Details of CIB Debt Interest Calculation
Year Ended December 31st
Thousands of Dollars

2025 Budget

	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Total
Forecasted Balances of CIB debt by month	35,703	35,703	35,792	35,792	35,792	77,457	77,457	77,457	83,356	83,356	83,356	89,934	89,934	
CIB Interest Rate	2.51%	2.51%	2.51%	2.51%	2.51%	2.51%	2.51%	2.51%	2.51%	2.51%	2.51%	2.51%	2.51%	
CIB Interest Expense by month		75	75	75	75	162	162	162	174	174	174	188	188	**1,685**

1) Figures presented reflect whole numbers which may cause $1 Thousand rounding differences on some line items.