Nova Scotia Energy Board

IN THE MATTER OF

The Public Utilities Act, R.S.N.S 1989, c. 380, as amended
and the
The Maritime Link Act, S.N.S 2012 c.9
and the
Maritime Link Cost Recovery Process Regulations, N.S. Reg. 189/2012

NSPML
2026 Assessment Application
(M12394)

Compliance Filing - REFILE

May 28, 2026

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1.0 OVERVIEW

On May 11, 2026, the Nova Scotia Energy Board (NSEB, Board) released its decision on NSP Maritime Link Inc.'s (NSPML, Company) 2026 Assessment Application (Assessment). In its decision, the Board directed NSPML to file its compliance filing within two weeks of the date of the decision. As directed at paragraph 233 of the decision, the Assessment compliance filing includes the following:

- A reduction of NSPML's Return on Equity (ROE) from 9.0% to 8.75%.
- A restatement of NSPML's equity financing for sustaining capital with a 70/30 debt to equity ratio (DER).
- A revised schedule of monthly invoice payments to Nova Scotia Power (NS Power).

2.0 REVISIONS TO 2026 COST ASSESSMENT AND REVENUE REQUIREMENT

ROE and Sustaining Capital DER

In its Decision, the NSEB determined an ROE of 8.75 percent for NSPML. Table 1 provides a comparative assessment of the impact of the 9.0 percent ROE requested by the Company to the 8.75 percent ROE awarded on NSPML's rate base and sustaining capital.

Table 1

Category (in $millions)	Original Assessment 9.0%	Compliance Filing 8.75%	Variance
Rate Base	40.2	39.0	1.2
Sustaining Capital	0.5	0.5	0.0
Total ROE	**40.7**	**39.5**	**1.2**

In addition, the Board determined that the DER for sustaining capital should continue at 70 percent debt and 30 percent equity. Table 2 provides a comparative assessment of the impact of maintaining the 70/30 equity financing structure versus the 60/40 requested for sustaining capital.

Table 2

Category (in $millions)	Original Assessment 60/40	Compliance Filing 70/30	Variance
Rate Base	40.2	40.2	0.0
Sustaining Capital	0.5	0.4	0.1
Total ROE	**40.7**	**40.6**	**0.1**

Attachment 1 reflects the Boards findings, accounting for the 8.75 percent ROE and 30 percent equity ratio on sustaining capital.

The components of NSPML's forecast 2026 revenue requirement, based on the Board decision, are outlined in Table 3 below:

TABLE 3

Description (Amounts in $millions)	2026	
	Original Assessment	Compliance Filing
O&M	22.0	22.0
Depreciation	57.2	57.2
Debt Financing Costs		
• **Interest (Net)**[1]	37.7	37.8
• **Amortization of Deferred Financing Costs**	1.4	1.4
Equity Financing Costs	40.7	39.4[2]
FLG2	**39.7**	**39.7**
Total Costs	**198.7**	**197.5**

On December 23, 2025, the Board issued an interim order approving NSPML's Assessment amount of $198.7 million. NSPML invoiced NS Power in equal monthly instalments of $13.25 million per month for recovery of its 2026 Assessment, based on the approved interim order. NSPML will continue to invoice NS Power in equal monthly instalments following the Board's decision on the Assessment; the adjustments result in a revised monthly instalment of $13.15 million. NSPML invoiced NS Power the interim order approved Assessment amount from January through May 2026, with the adjustments causing a cumulative over-recovery of ~$0.50 million. This amount, plus $0.01 million in Weighted Average Cost of Capital (WACC)[3] will be reflected as a credit in the June 2026 invoice, consistent with the Board's directive regarding setoffs for prior monthly invoicing amounts, while monthly payments from June through

[1] The interest (net) costs include interest costs related to sustaining capital, for which the Assessment originally assumed a 60/40 DER. Updating the ratio to 70/30 DER increases the interest on sustaining capital by $0.1M, resulting in total interest (net) costs of $37.8M.
[2] The Compliance Filing Equity Financing Costs combines the equity costs of the rate base and sustaining capital and includes the impact of both the 8.75 percent ROE and the 70/30 equity financing on sustaining capital.
[3] NSPML's WACC rate is 5.26 percent.

December will be adjusted to $13.15 million per month. Please see Attachment 2 for the monthly instalment schedule.

M12394 - 2026 Compliance Filing Attachment 1
in $millions

	Average Rate Base	Sustaining Capital
2026	$ 1,487.2	$ 15.5

9.0% to 8.75% ROE Impact			
Category	**Original 2026 Assessment ROE 9%**	**Compliance Filing 2026 Assessment ROE 8.75%**	**Variance**
Rate Base	$ 40.2	$ 39.0	$ 1.2
Sustaining Capex	0.6	0.5	0.0
Total ROE	**$ 40.7**	**$ 39.5**	**$ 1.2**

60/40 to 70/30 Sustaining Capital DER Impact			
Category	**Original 2026 Assessment ROE 9% & 60/40 DER**	**Compliance Filing 2026 Assessment ROE 9% & 70/30 DER**	**Variance**
Rate Base	$ 40.2	$ 40.2	$ -
Sustaining Capex	0.6	0.4	0.1
Total ROE	**$ 40.7**	**$ 40.6**	**$ 0.1**

2026			
Category	**Original 2026 Assessment ROE 9% & 60/40 DER**	**Compliance Filing 2026 Assessment ROE 8.75% & 70/30 DER**	**Variance**
Rate Base	$ 40.2	$ 39.0	$ 1.2
Sustaining Capex	0.6	0.4	0.1
Total ROE	**$ 40.7**	**$ 39.4**	**$ 1.3**

Description	**Original 2026 Assessment**	**Compliance Filing 2026 Assessment**	**Variance**
Operating & Maintenance	$ 22.0	$ 22.0	$ -
Depreciation	57.2	57.2	-
Debt Financing			-
Interest (net)	37.7	37.8	(0.1)
Amortization of Deferred Financing Costs	1.4	1.4	-
Equity Financing	40.7	39.4	1.3
FLG2	39.7	39.7	-
Total Costs	**$ 198.7**	**$ 197.5**	**$ 1.2**

M12394 - 2026 Compliance Filing Attachment 2
in $millions

	NSPML Monthly Instalment
2026 Assessment (9.0% ROE)	$ 13.25
2026 Assessment Board Approved (8.75%)	13.15
Monthly Variance	0.10
Cumulative prior monthly billing (January - May)	$ 0.50

	2026 Assessment Interim Order Approval Period					2026 Assessment Board Approved Period							
	Jan-26	**Feb-26**	**Mar-26**	**Apr-26**	**May-26**	**Jun-26**	**Jul-26**	**Aug-26**	**Sep-26**	**Oct-26**	**Nov-26**	**Dec-26**	**Total**
Monthly Assessment Instalment	$ 13.25	$ 13.25	$ 13.25	$ 13.25	$ 13.25	$ 13.15	$ 13.15	$ 13.15	$ 13.15	$ 13.15	$ 13.15	$ 13.15	
Adjustment for Funds held	-	-	-	-	-	(0.50)	-	-	-	-	-	-	(0.50)
WACC (5.26%) Held on Funds	-	-	-	-	-	(0.01)	-	-	-	-	-	-	(0.01)
Monthly Invoices	$ 13.25	$ 13.25	$ 13.25	$ 13.25	$ 13.25	$ 12.64	$ 13.15	$ 13.15	$ 13.15	$ 13.15	$ 13.15	$ 13.15	$ 157.8