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Request IR-01:

Reference: Section 2.1 Asset Management Cost Uncertainties (p.7).

(a) **For each of the identified uncertainties, please discuss when the uncertainty is anticipated to resolve, and what steps NSPML has taken, or can take to address or mitigate that uncertainty.**

(b) **Please provide an update on the marine survey RFP.**

(c) **Regarding the converter stations, please provide a copy of the Long-Term Service Agreement with Hitachi, identifying any contractual terms or conditions that bear upon renewal.**

(d) **Please provide the annual amounts paid under this contract since the Maritime Link has been in service.**

(e) **Regarding the transmission line and related inspection and maintenance work, please outline the steps to complete the "assessment" in order to estimate the cost this work.**

(f) **If it is "premature and subject to high uncertainty" to estimate these costs beyond the following year, without the assessment, why has the assessment not been done yet?**

(g) **Please quantify the "high uncertainty" risks, considering the cost of prior inspection and maintenance work done annually since the Maritime Link has been in service.**

(h) **Does NSPML have any reason to believe these costs for inspections and maintenance would be notably higher than the current costs? If so, please explain why?**

Response IR-01:

a, e, f, g & h)

The main step that will address the uncertainty associated with each aspect is securing the contract(s) related to the scope and schedule of work. In order for the contracting to be completed, key inputs are scope definition and requested term of the agreement for the purpose of proposal pricing. In some cases, these inputs are not linear and may only be firmed up once proposals are received and alternatives considered for the purpose of making a recommendation to negotiate towards an agreement with a counterparty. For multi-year contract agreements, there may be flexibility within the contract for scope changes from year to year to adjust for new information. In addition, special circumstances, such as a forced outage, may require urgent deployment of resources under a contract which may be appropriate to consider in future budget planning.

For the anticipated marine survey in 2027, as referenced in the Application on page 8 and given the anticipated procurement process, NSPML expects its ability to estimate the costs to be improved by mid year 2026 even though a contract might not yet be secured. Please also refer to NSEB IR-03.

For the converter stations, the next long term service agreement (LTSA) is anticipated to be in place in Q1 2027 with the contracting strategy in place mid-year 2026. Please also refer to NSEB IR-04.

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Regarding transmission, in addition to contracting related activity, NSPML has assessment and field work planned in 2025/2026 that will influence future work scopes. NSPML expects the budget levels to change from year to year for the foreseeable future as NSPML is currently early in the evolution of the more condition-based transmission inspection and maintenance program. Please refer to NSEB IR-05 (b) for more details.

b) NSPML will be developing the Contracting Strategy and associated Scope of Work for the 2027 marine survey in Q4 of 2025, an Expression of Interest will be issued at that time and, following that, the RFP will be issued to proponents in 2026.

c) Please refer to Confidential Attachment 1. The current Hitachi LTSA is set for a fixed term of three (3) years with an expiry of March 28, 2027. There are no provisions for renewal therefore the agreement will need to be renegotiated prior to expiration.

d) Please refer to CA IR-02 (the HVDC System – LTSA category).

IG IR-01 Attachment 1
has been removed due to confidentiality

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Request IR-02:

Reference: Section 2.2 Other Considerations.

(a) Please elaborate on how the final 900 MW testing of the LIL and alignment of operating practices and maintenance "may also have an impact on future assessments".

(b) Please provide specific details on the material contracts which "could be affected" by uncertain tariffs, including the counterparty, the origin of goods or services and quantify with an order of magnitude the financial risk, stating any assumptions regarding tariffs.

(c) Has NSPML received notice of any price increase because of new tariffs? Please explain.

Response IR-02:

a) Please refer to NSEB IR-06.

b-c) Please refer to NSEB IR-07. In addition, please refer to the following sampling of articles which discuss the considerable uncertainty of tariffs:

Impact of tariffs on businesses in Canada: Expectations and strategic responses, second quarter of 2025

Tariff threats are freezing big business and leaving small companies with no options | CBC News

Nearly 20% of Canadian small businesses may close from tariffs, CFIB says - National | Globalnews.ca

Request IR-03:

(a) Please outline the pros and cons of single year versus multi-year assessment.

(b) Who bears the risks of variance – NSPML or ratepayers of NSPI.

(c) When does NSPML anticipate being able to file a multi-year assessment?

Response IR-03:

a) Please see response in CA-IR-01.

b) In the context of multi-year assessments, NSPML submits that the Company bears the risk of higher than forecasted costs, while customers bear the risk of lower than forecasted costs up to the 9.25% earnings cap.

c) Please see response in CA-IR-01.

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Request IR-04:

Reference: Table 2, O&M Forecast, page 11 and Note 1.

(a) Please disaggregate the O&M cost categories in as much detail as NSPML has.

(b) Please update Table 2 with additional columns showing Forecasted, Approved, (to the extent it differs from Forecasted) and Actual for each of 2021, 2022, 2023, 2024, and for 2025 Forecasted to year-end, Approved and Actual to date.

(c) Please provide an explanation for any material differences to date or forecasted.

Response IR-04:

a) Please refer to CA-IR-02 for additional detail.

b) Please see table below:

	2021		2022		2023		2024		2025		
Description	Approved	Actual	Approved	Actual	Approved	Actual	Approved	Actual	Approved	Actuals to July 31, 2025	Remaining forecast
Maintenance & Inspection	8.6	9.5	8.4	8.9	6.8	6.6	8.5	6.9	6.8	1.6	5.2
Labour & Administration	8.3	6.9	7.4	7.5	7.2	7.1	8.6	7.8	8.6	5.3	3.4
Insurance	3.0	3.1	3.8	3.5	4.0	3.9	4.6	4.2	4.6	2.3	2.1
Independent Engineer	0.3	0.1	0.3	0.2	0.3	0.2	0.3	0.2	0.3	0.1	0.2
Environmental Assessment	0.3	0.1	0.3	0.1	0.2	0.2	0.2	0.2	0.1	-	0.1
Contingency & Escalation	1.0	-	0.2	-	-	-	-	-	-	-	-
Total	**21.5**	**19.7**	**20.4**	**20.2**	**18.5**	**18.0**	**22.2**	**19.3**	**20.4**	**9.3**	**11.0**

c) The most material variances occurred in 2021 and 2024. Please see below:

2021 - the primary reason for the variances in 2021 was the carryover of pandemic restrictions yielding savings in travel and administrative expense, as well as the deferral of costs for legal, consulting and environmental studies shifting into 2022.

2024 - the variance to the approved assessment is due to a reduction in converter station costs, a reduction in contracted costs due to a forecasted agreement not executed in 2024, affiliate labour allocations, position vacancies, as well as consulting costs being deferred to 2025.

Request IR-05:

Reference: Transmission Line Inspections, page 12.

Please provide both qualitative and quantitative specifics as to how "the drone program provided operational efficiency, improved inspection quality and reduced physical safety exposure."

Response IR-05:

In early operations, NSPML inspected approximately 10% of the transmission line route using external resources by climbing each year. Traditional transmission line climbing inspection entails:

- Travel to access each ROW and individual structures
- All terrain vehicle travel to access structure, requiring some stream crossings and traversing of challenging terrain
- Each structure physically climbed by two qualified workers (work at heights)
- Inspection viewpoint from structure with associated limitations
- Approximately 15 structures per day, 5-person in field crew (including NSPML supervision and participation)

In early operations, NSPML inspected approximately 10% of the transmission line route by ground inspection each year; together with the complementary 10% climbing inspections resulted in visual inspection of 20% of the Transmission Line route each year. Additionally, 20% of the grounding line route was inspected from the ground. This work was done by internal resources at opportunity during the year. Similar to climbing inspections, ground inspection entails:

- Travel to access each ROW and individual structures
- All terrain vehicle travel to access structures, requiring some stream crossings and traversing of challenging terrain

- Inspection viewpoint from ground with associated limitations

Drone inspection, as completed by NSPML in 2024, has the following highlights and benefits:

- Drones can be flown to line-of-sight by qualified pilots and can reach multiple structures from existing ROW access trails, significantly reducing the ROW travel requirements.
- Access is typically by road vehicles but can also be by helicopter in some areas; very challenging terrain and stream crossings can be avoided.
- Approximately 60-80 structures per day with 3-person in field crew, plus NSPML supervision.
- Drone position can be optimized for best inspection viewpoint
- High quality images are reviewed remotely at opportunity by qualified inspectors

In summary, comparing the traditional inspection methods used in early operations to inspection with drones appears to have the following merits:

- Improved inspection quality – the ability to position the drone for multiple angles results in a more comprehensive inspection reducing the risk that issues are missed. The quantity and quality of the imagery far surpasses that of previous methods. Remote inspectors processing the imagery at desktops eliminates/reduces the challenges of field reporting (time, environment, need to mobilize qualified inspections to field, etc.).
- Operational Efficiency –The shift towards drone inspections reduces the use of NSPML's internal resources to perform ground inspections, enabling their deployment on other activities. The price point of drone inspections is far lower overall than the previous approach, reflecting the efficiency of the method – fewer people are mobilized, the duration of the field portion of the campaign is reduced as it is quicker to inspect each structure, transportation time is reduced, and it is more effective to perform desktop processing of the imagery. The savings can be deployed elsewhere or used to support more frequent inspections if warranted (versus the previous 5-year cycle) providing more timely insights into corrective work requirements and mitigating potential forced outages.

Reduced physical safety exposure – The option to use helicopters to transport to site where more efficient, the more expedient inspection requiring fewer resources, the reduced reliance on utility terrain vehicles or snowmobiles, the reduction of the need to work at heights (higher risk), the ability to inspect structures from a distance avoiding stream crossings and the traverse of challenging terrain; all together, these aspects of drone campaigns reduces the risk of incidents in the field.

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Request IR-06:

Reference: Page 12, lines 23-26.

Of the $0.9 million increase, $0.5 million is attributed to consulting relating to ongoing commercial matters, primarily between NSPML and NLH, and higher administrative fees associated with FLG2; with the balance of $0.4 million primarily relating to inflationary pressures.

(a) **Please clarify what "administrative fees" are anticipated in relation to the FLG2 for 2026?**

(b) **Please provide a breakdown of the $0.4 million "primarily relating to inflationary pressures" for labour and administration. Specifically, are these actual incurred inflationary increases or forecasted and if so, what assumptions are used?**

Response IR-06:

a) Please see response to NSEB IR-18(a).

b) The remaining $0.4m is attributed to inflationary pressures on labour, office expenses, travel, and administrative costs including shared services. The escalation rate used was ~3%. Please also refer to NSEB IR-18(i).

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Request IR-07:

Reference: Page 14, lines 3-5.

Gannett Fleming has recommended that once NSPML's first material capital project (regarding the Cable Projection Project) is completed in 2026, NSPML will update the depreciation study.

(a) **Please provide a copy of the letter of instruction (or form of communication) provided to Gannet Flemming that led to this recommendation.**

(b) **Please provide a copy of Gannet Flemming's response that reflects this recommendation.**

(c) **Is NSPML committed to filing an updated depreciation study as part of the 2027 Assessment? If not, explain.**

Response IR-07:

a-b) Please refer to Partially Confidential Attachment 1.

c) Yes, as there have been no material changes to capital since going into operations, NSPML will be updating the depreciation study in 2026, for the 2027 assessment since the first major capital project will occur in 2026.

Outlook

From: [redacted]
Sent: Monday, June 16, 2025 9:16 AM
To: [redacted]
Cc: [redacted]
Subject: Re: NSPML Depreciation Study Update

****Exercise Caution** - This is an external email from: [redacted]
Beware of links or attachments from external sources. If you are unsure, click "Report Email" to submit for review.**

I wouldn't expect any changes in the useful life to be material enough that it would change my thoughts on the timing. We can address next year as needed, but I wouldn't expect too much of a change at this point.

[redacted]

[redacted]

[redacted]

From: [redacted]
Sent: Monday, June 16, 2025 8:12 AM
To: [redacted]
Cc: [redacted]
Subject: RE: NSPML Depreciation Study Update

[EXTERNAL EMAIL]: This email originated from outside the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Thanks [redacted] - just one follow up from me.

We also wouldn't expect any material items to have fallen off from the original depreciation study in the last few years, correct? Everything that would be material I would suspect would have a long useful life, so from that perspective I would think there would be little to no change as well?

Thanks,

[redacted]

[redacted]

[redacted]

www.emera.com

Emera Newfoundland & Labrador

From: [redacted]
Sent: Monday, June 16, 2025 9:08 AM
To: [redacted]
Cc: [redacted]
Subject: Re: NSPML Depreciation Study Update

****Exercise Caution -** This is an external email from: [redacted].
Beware of links or attachments from external sources. If you are unsure, click "Report Email" to submit for review.**

H[redacted]:

That seems reasonable to me. I think the marine would have a larger impact and so waiting for that to be completed makes sense.

Thanks,

[redacted]

[redacted]

[redacted]

From: [redacted]
Sent: Monday, June 16, 2025 8:06 AM
To: [redacted]
Cc: [redacted]
Subject: RE: NSPML Depreciation Study Update

[EXTERNAL EMAIL]: This email originated from outside the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

H[redacted],

As you know, locating the detailed files for actual capital spend since the 2022 depreciation study has been challenging given the cyber event.

As at December 2024, we have a total net credit of approx. $5m to rate base since the last study in 2022. This is expected to be closer to a net credit of approx. $4m by the end of 2025.

Given there has been relatively insignificant changes since the last study, we are thinking it would make more sense to re-visit once the marine protection is completed in 2026. Given you are closest to the detail, we are looking for your thoughts on this.

Thanks!

[redacted]

From: [redacted]
Sent: Wednesday, April 9, 2025 1:57 PM
To: [redacted]

Cc: [redacted]
Subject: NSPML Depreciation Study Update

[EXTERNAL EMAIL]: This email originated from outside the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hi [redacted],

Hope all is well.

[redacted] is on vacation but just wanted to follow up on the depreciation study update- I understand your team provided a quote for this year to update the study.

We will be submitting a multi-year assessment the end of June this year for NSPML and would like to include the updated study in that assessment.

Just wanted to confirm if this timing is do-able from your end?

Thanks,

[redacted]

[redacted]

[redacted]

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Emera Newfoundland & Labrador

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Request IR-08:

Reference: Page 14, Footnote 12.

Please provide a schedule of the IGBTs, itemizing the number in use, replaced, spare inventory, and orders.

Response IR-08:

Please refer to NSEB IR-20.

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Request IR-09:

Reference: Section 3.3.3 Capital Depreciation, Page 15; and Rate Base Continuity Schedule, Att.1, Page 95.

Please reconcile the stated request to recover $57.2M for depreciation with the $57.9M shown in Att.1.

Response IR-09:

Please see below for reconciliation of depreciation and amortization between the Rate Base Continuity Schedule Attachment 1 and the Application Table 1:

Rate Base Continuity Schedule	**2026 Total**
Original ML Project - Depreciation & Amortization	57.9
Sustaining Capital - Depreciation & Amortization	0.6
rounding	0.1
Application Total	58.6
Application Table 1	**Total**
Depreciation	57.2
Amortization of deferred financing charges	1.4
Total Depreciation and Amortization	58.6
Variance	-

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Request IR-10:

Reference: Page 15, Footnote 14.

Please provide particulars of the close-out matters which remain outstanding and the timing of finalization. In your response, please elaborate on what steps NSPML has taken or may take to expedite finalization of each remaining matter.

Response IR-10:

Close-out matters include the following:

Land Expropriation:

In Nova Scotia, there are 54 parcels of land that were provided to the NS Government in January 2021. NSPML has been working with Government to answer questions or provide information in response to any queries they have had since that time. The requested expropriation required Order-in-Council approval; 47 parcels have received this approval. NSPML understands that all documentation has been provided for the remaining 7 parcels since May 2025. Once Order-in Council is approved NSMPL will proceed with the registration of same to complete the expropriation process.

In NL, an expropriation panel was originally set to manage the expropriations. NSPML has provided all documentation to the NL panel as far back as 2016 and then resubmitted all documentation as requested in mid-2024**;** unfortunately, since that time, the panel has been disbanded. NSPML has been prompting the NL Government for a replacement process.

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Claims:

There are two outstanding land claims; NSPML is working with external counsel to resolve these.

In total, the outstanding project costs are no more than $6 million, on a total approved Project cost of $1.752 million (approximately .3% of the approved starting rate base).

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Request IR-11:

Reference: Section 3.4 Annual Net Interest Costs, Page 15, lines 17-21.

This represents total coupon interest costs of $37.5 million, Letter of Credit fees of $0.4 million, interest on long-term debt financing for sustaining capital and deferred survey costs of $0.5 million, partially offset by forecasted interest revenue of approximately $0.5 million to be earned on cash accounts, and $0.2 million of disallowed interest.

(a) Please confirm whether these "letter of credit" fees relate to the FLG2?

(b) If so, what is the justification for these fees?

Response IR-11:

a) Letter of Credit fees relate to both the original FLG and FLG2.

b) A letter of credit is required in accordance with the Amended and Restated ML Credit Agreement to meet the requirements of the Debt Service Reserve Account (DSRA) and was already in place as part of the original FLG. The letter of credit was amended as a result of the additional debt related to FLG2 in December 2024 to meet the amended DSRA requirements.

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Request IR-12:

Reference: Section 3.5 2026 Equity Financing Costs, Page 17.

Please restate the equity financing costs without changing the equity thickness to 40% for NSPML's forecasted 2026 sustaining capital average rate base.

Response IR-12:

Please refer to NSEB IR-022 (d).

REDACTED

Request IR-13:

Reference: Section 4 – Marine Survey Cost Recovery, pages 18-19.

Reference: NSPML 2024 Cost Assessment Decision, 2023 NSUARB 231, para.22.

If NSPML believes it is appropriate to smooth this expense over a regularly recurring period, the Board expects the company to explore other options, such as normalizing the survey costs in its expenses, rather than an option that would attract a rate of return. NSPML should not interpret the approval of its request in this application as any precedent for the treatment of this cost in future applications.

Reference: NSPML 2025 Cost Assessment Decision, 2024 NSUARB 199, para. 28.

With respect to marine survey costs, the Board does not interpret NSPML's comments in closing submissions as a commitment to proceed with any specific proposal for the recovery of survey costs and notes that there may be other options, including the normalization of these costs in O&M expenses in a multi-year assessment. The Board understands that NSPML expects to address this in its application next year and directs it to do so.

(a) Please discuss normalizing the survey costs in NSPML's expenses over a multi-year period.

(b) Are marine surveys expected to be cyclical going forward, i.e. required every 3 to 4 years?

(c) Is NSPML seeking approval at present to expense future marine surveys, in a single year, going forward?

(d) Does NSPML believe that there may be other factors for the Board to consider regarding expensing marine survey costs if/when NSPML applies for a multi-year assessment, and if so, why should the Board tie its hands at present?

(e) What is the expected cost of the next marine survey (and what is NSPML's degree of certainty of that cost?)

REDACTED

(f) Of the two key considerations which led to NSPML's request to expense the complete amount of this and future marine surveys, which of the FAM account and WACC impact carries more weight?

(g) Please explain specifically how the FAM account, which tracks monthly over-and under-recoveries influences whether recovery of marine inspection surveys should be expensed in a single year, normalized or alternatively smoothed over multiple years.

(h) Please provide a spreadsheet demonstrating the near-term WACC impact comparing the alternatives, with all formulae intact, and stating all assumptions.

Response IR-13:

a) NSPML assumes that the Board's reference to "normalization" is recovery of the costs over the multi-year period in a similar fashion to a capital asset that depreciates over the same multi-year period.

b) Over time, marine inspection surveys are expected to be cyclical at a frequency to be determined based on observation from inspections and subject to numerous operational, environmental, and market variables. At this time, NSPML is forecasting an inspection survey in 2027 following the proposed cable protection project in 2026. NSPML's frequency and scale of surveys is expected to range, with frequencies between 1 and 5 years.

c) NSPML's application is limited to 2026 assessment costs.

d) NSPML acknowledges that the Board may always consider factors beyond those advocated in NSPML's Application and responses to Information Requests in deciding how survey costs should be recovered, now or in the future. NSPML also acknowledges that the Board’s decision in this matter will likely be restricted in application to the 2026 Assessment (although the Board can make determinations that could be beyond that term) and will not “tie the Board’s hands” in future applications, other than as directed by the Board.

e) While NSPML could estimate the cost using historical experience, there is no way to apply any assessment of accuracy this far in advance of actual work execution. Previous surveys have cost [redacted] and until the market is engaged in 2026, that is at least one indicator available at this time.

NSPML notes that despite NSPML’s efforts (as outlined in NSEB-IR-03), the previous full survey in 2024 [redacted]. Based on [redacted], there is significant cost uncertainty in years ahead. [redacted]

f) NSPML assumes this question relates to which of the FAM account or WACC carries more weight in NSPML’s view, as opposed to speaking for the Board and/or customers representatives that could hold different views. From a cost-effective point of view, NSPML believes that its view of WACC provides savings to customers and provides an important consideration. From a FAM point of view, it is a well-established balancing mechanism, presents (in NSPML’s opinion) a more straight-forward tool to manage imbalances, and is more efficient for NSPML given its lack of a credit rating and inability to pledge assets. NSPML does not have a strong opinion as to which holds more weight, as all factors are relevant to the Board’s consideration of this item.

g) If survey costs are not recovered in the year the cost is incurred and smoothed over multiple years, this would require NSPML to borrow funds (at what is likely to be a higher cost of

REDACTED

borrowing) in order to finance the payment of the survey, resulting in higher WACC to customers as part of NSPML's assessment. Assuming NSPML's WACC relating to additional capital (or in this case, delayed recovery of an expense) is higher than NS Power's, it would be more cost effective for customers to have any imbalance held in the FAM Account – all other things being equal. This is in no way saying there are not other relevant factors. For instance, there could be a misalignment between when FAM rates and NSPML assessments are reviewed. The potential for prepayment adds additional complication for NSPML due to its present debt structure under the federal loan guarantees and the inability to use such prepaid funds to reduce any outstanding debt and, as such, the funds would be limited to earning interest.

h) Please see Confidential Attachment 1.

IG IR-13 Confidential Attachment 1
has been filed as an Excel Attachment

NON-CONFIDENTIAL

Request IR-14:

Reference: Section 5.0 Federal Loan Guarantee 2 (“FLG”), Page 20.

Please provide a reconciliation of the $14,100,000 remaining after funds were transferred to NSPI on December 16, 2024, to the $10,757,694 transferred May 2025.

Response IR-14:

Please see reconciliation below.

Description	Total
FLG2 Issuance	500,000,000
Refund to NSPI (December 2024)	485,900,000
Remaining Funds	14,100,000
Total financing costs	(3,501,884)
Interest earned on bank account	159,578
Refund to NSPI May 2025	**10,757,694**

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Request IR-15:

Reference: Section 6.0 Return on Equity Review, Page 21.

(a) NSPML states its belief that requesting a 9% ROE "could support a more simplified review of ROE". What is the simplified review referenced here? Please explain how the request supports this.

(b) Please provide a copy of the letter of retainer to Concentric.

(c) Was Concentric, and specifically Mr. Coyne and Mr. Trogonoski engaged to provide opinion evidence regarding NSPI's cost of capital and ROE?

Response IR-15:

a) Please see response to NSEB-IR-023.

b) Please see Confidential Attachment 1.

c) NSPML cannot comment on behalf of NSPI.

IG IR-15 Attachment 1
has been removed due to confidentiality

NON-CONFIDENTIAL

Request IR-16:

Reference: Page 25, lines 22-24.

After FLG2 was put into place, the debt-to-equity ratio for NSPML was reduced to approximately 78 percent debt and 22 percent equity, resulting in the financial risk for NSPML being significantly higher than other regulated entities.

(a) Please confirm that the FLG2 debt is separated in NSPML's financial statements for purposes of its regulated capital structure. If not, please explain.

(b) If separated, how is the current debt to equity impacted? Please explain.

Response IR-16:

a) Confirmed.

b) The debt-to-equity ratio is not impacted by FLG2 from a regulated perspective. However, it is impacted from a legal perspective and would impact NSPML's Annual Audited Financial Statements as reported under US GAAP.

NON-CONFIDENTIAL

Request IR-17:

Reference: Section 7.2 Flexibility Range for Original Capital Investment, Page 26 and Concentric Report footnote 60.

Preamble: NSPML states its regulated equity balance can experience small fluctuations due to timing of the release of the Holdback amounts and Concentric has excluded consideration of the holdback mechanism as "*NSPML is in the process of making an application to the UARB to terminate the holdback mechanism*."

(a) Is this footnote referring to M11773 and NSPML's stated intention to apply in August 2024 to terminate the holdback or something else?

(b) When does NSPML intend to apply?

(c) What, if any consideration should be given to this anticipated application for purposes of this 2026 assessment?

Response IR-17:

a) Yes, this footnote is referring to M11773 and NSPML's intention to apply to end the Holdback mechanism.

b) NSPML intends to file in Q4 2025 or early 2026.

c) Consideration of holdback would be limited to the specific references by NSPML in its Application and by Concentric in its supporting expert evidence.

NON- CONFIDENTIAL

Request IR-18:

Reference: Page 26, lines 19-24.

NSPML is requesting that the Board grant flexibility in NSPML's equity thickness using a range of +/-1.5 percent which results in a range of 28.5-31.5 percent equity and 68.5-71.5 percent debt on NSPML's original project capital. NSPML will track and report sustaining capital and the original project costs separately. Similar to NS Power, the same flexibility would not be required for sustaining capital if the Board approves NSPML's request for a 60/ 40 capital structure.

(a) Please clarify how NSPML's request for flexibility during the operating stage of the project aligns with the Board's decision in 2013 NSUARB 154, in which it stated that "during Phase 4, the operating phase, the Board does not approve any payout of earnings in excess of the approved ROE with a 30% equity thickness" (para 302).

Please confirm whether NSPML has any examples of other utilities that apply a different capital structure for sustaining capital, as proposed?

Response IR-18:

a) At the time of the 2013 Decision, NSPML was set to be funded and maintain a capital structure of 70/30, paid down evenly over 35 years and therefore would easily maintain a capital structure as expected. However, following project completion and final costing, as a result of the $~9 million of disallowed costs, there was an immediate imbalance created in the regulated equity. The disallowed costs would have been originally funded by 70% debt and 30% equity; however, as the disallowance was allocated exclusively to equity, and because NSPML debt is fixed and paid down over time, there was no opportunity to rebalance the equity via repayment of debt. Therefore, the immediate impact of the disallowance was a reduction in rate base and increased regulated equity, resulting in an imbalance in the 70/30 capital structure. The increase in regulated equity effectively increased the shareholder investment without the ability to earn on the additional investment as NSPML's rates are set at 30% of rate base, although the equity thickness has been above 30%, NSPML is not able to earn on the additional thickness. The addition of the Holdback mechanism has also created an additional imbalance of regulated equity which was not anticipated at the time of the 2013 decision. Another complexity relates to the commencement of material sustaining capital projects that will have to be funded without the support of an FLG. This will result in a challenge to obtain financing that will align with the remaining useful of the asset such that the financing is amortized perfectly to maintain the 5-quarter average.

NSPML has limited cash flow flexibility in order to balance operational payments and financing obligations and therefore does not have the levers other utilities would have to rebalance its capital structure. While NSPML did request flexibility at the time of the original application, the impact of the additional material disallowance and holdback would not have been anticipated at the time of the original application. NSPML is now requesting the ability to payout earnings in line with its actual equity thickness, up to the requested cap of 31.5%, while continuing to manage to achieve a 30% equity thickness.

The concept proposed is similar to those of regulators who adopt incentives for either ROE or capital structure. There are numerous examples of regulated pipelines in Canada and the US that have alternative ROEs and capital structures for pipeline expansions and related projects. FERC allows ROE and capital structure incentives for regulated transmission projects. The state of Virginia has adopted ROE incentives for certain types of generation projects. These regulatory approaches are grounded in the corporate finance principle that distinguishes the cost of capital based on its use and incentivizes different classes of investments.

NON-CONFIDENTIAL

Request IR-19:

Reference: Section 7 – Regulated Capital Structure.

(a) Please confirm that approval of a revised capital structure of 60% debt and 40% equity in respect of sustaining capital, and continuation of the 9% ROE will increase NSPML's profit versus retaining the current approved capital structure?

(b) What is the difference in profit from the proposed change in capital structure?

Response IR-19:

a) It would increase NSPML's equity investment and correspondingly increase return from equity. At the same time, there is a decrease in debt costs.

b) Please refer to SBA IR-06.

NON-CONFIDENTIAL

Request IR-20:

Reference: Section 8 – Asset Management Outlook, page 28; and Attachment 2 – Asset Management Outlook.

Preamble: NSPML has acknowledged the Board's direction to file its Asset Management Plan ("LTAMP") as part of the 2026 Assessment Application and has filed a "10-year Asset Management Outlook" for informational purposes as a part of this Application.

(a) Please confirm NSPML's understanding that the Board ordered that NSPML file the LTAMP by June 30, 2025, as per the 2025 Assessment Application Decision, Matter M11791, 2024 NSUARB 199, at para 40.

(b) Does NSPML agree with the Board's observation in that same Decision that the LTAMP can form the foundation, or the certainty needed, to proceed with multiyear assessments (at paras 37-38)? If not, please explain.

(c) Is the document labeled "Asset Management Outlook", Attachment 2 to this Application the LTAMP? If not, please explain the distinction.

(d) Has this document been signed off by NLH? If so, please provide a copy of documentation evidencing the concurrence of the parties to this document.

(e) If the "10-Year Asset Management Outlook" is not the LTAMP, please provide an update including all detailed steps taken between August 2024 to the present and when NSPML anticipates resolution between NSPML and NLH will be achieved and the LTAMP filed.

NON-CONFIDENTIAL

Response IR-20:

a) Confirmed.

b-c) Please refer to NSEB IR-31. NSPML believes that insight into the NSPML's long term asset management plan will provide information to the regulatory forum which will help provide context, but there are many other factors to consider with respect to certainty for the purpose of multi-year filings. While there will be overlaps, the purpose and content of a long-term plan can differ significantly from nearer and shorter-term planning horizons, which are by their nature informed by current state and therefore have greater certainty. Shorter term horizons are more typically relied upon for regulatory assessment processes.

d) No. The Joint Operations Agreement, to which NLH is a counterparty, contemplates the establishment and maintenance of a Long Term Asset Management Plan (LTAMP) and in the shorter term, Annual Maintenance Plans, which can provide information on subsequent years. The Annual Maintenance Plans are approved by the JOC.

e) Please refer to NSEB IR-31. NSPML and NLH's engagement on this file has been on a confidential and without prejudice basis, with portions of NSPML's independent work on this file being privileged and confidential. As described in NSEB IR-06, NSPML anticipates resolution of the commercial LTAMP in 2026.

NON-CONFIDENTIAL

Request IR-21:

Reference: Appendix A, Concentric Evidence, Page 6, lines 16-18.
NSPML is requesting a higher common equity ratio of 40 percent for that portion of its capital structure, which is consistent with the deemed equity ratio for NS Power.

(a) Please confirm whether the change in the capital structure was initially recommended by Concentric or suggested to Concentric by NSPML?

(b) If this was initially requested by NSPML, how did NSPML initially come up with the proposed 40% equity thickness?

Response IR-21:

a) Please see IG-IR-013 Attachment 1. The Concentric report speaks for itself and constitutes the evidence that NSPML relies upon from Concentric.

b) While Concentric recommended a higher equity thickness based on its analysis, the proposed 40% equity thickness was based on the deemed equity ratio aligned with NS Power. Given the lack of availability of a federal loan guarantee, NSPML's approach to funding sustaining capital would be substantially similar to NS Power and other regulated utilities, and, as such, NSPML proposed that it would be reasonable for those assets to have a similar capital structure for ratemaking purposes.

NON-CONFIDENTIAL

Request IR-22:

Reference: Appendix A, Concentric Evidence Page 30, Figure 14: FERC Authorized Transmission ROEs – Subsea Cables.

Please have Concentric update this Figure with the actual approved ROEs (i.e. for Trans Bay Cable, include the actual approved not the applied for rate), along with the approved equity ratios for each, the approval dates of those rates, and the operating dates of the subsea cables.

Response IR-22:

As explained in Concentric's report, the most recent settlement agreement approved by the Federal Energy Regulatory Commission for Trans Bay Cable only specified the approved revenue requirement; it did not specify the authorized ROE or capital structure. Concentric reported the requested ROE of 13.50% for Trans Bay in Figure 14, which was the same return that was authorized by the FERC when the subsea transmission cable was approved for construction.

The equity ratios for the companies in Figure 14 are provided, where available, in the narrative description that follows. Specifically, Trans Bay Cable was originally authorized an equity ratio of 50.0% in 2005 when the project was approved for development; Propel NY Project has an authorized equity ratio of 53.0% based on the September 2024 decision approving the settlement; and Concentric was not able to find an authorized equity ratio for Cross-Sound Cable. The other requested information on approval dates for the rates and operating dates of the subsea cables is also provided either in Figure 14 or in the text that follows on pages 29-31 of Concentric's report.