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Request IR-01:

Refer to M12394, Exhibit N-1, NSPML's application for approval of its 2026 revenue requirement and cost assessment, (the "Application"), page 10 of 29 and respond to the following:

a) Please provide a detailed calculation and reconciliation showing how each component in Table 1 sums to the total of $198.7 million, with references to underlying schedules and assumptions.
b) Please provide a comparison of each 2026 cost category against:
   i. 2025 approved assessment
   ii. 2025 actuals (if available)
c) Provide a copy of the model or spreadsheet used to derive the $198.7 million total.
d) How will the cost recovery in rates affect the small business classes?

Response IR-01:

a) Please see Attachment 1

b) Please see table below:

Description	***2025***	***2026***
Operating & Maintenance	20.4	22.0
Depreciation	56.6	57.2
Debt Financing Costs		
Interest (net)	38.0	37.7
Amortization of Deferred Financing Costs	1.4	1.4
Equity Financing Costs	41.8	40.7
FLG2	39.0	39.7
Total	**197.2**	**198.7**

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c) Please refer to Attachment 1.

d) NSPML is not involved in the setting of customer classes and associated rates.

SBA IR-01 Attachment 1
has been filed as an Excel Attachment

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Request IR-02:

Refer to the Application, Exhibit N-1, pages 13-15 of 29 and respond to the following:

a) Please provide the depreciation schedule and calculations showing how the $57.2M depreciation amount was derived, including both original capital and sustaining capital components.

b) Please provide the depreciation rate assumptions for the Cable Protection Project and explain any differences from rates applied to other subsea cable assets.

Response IR-02:

a) Please refer to NSEB IR-10 for the depreciation calculation.

b) NSPML estimated a depreciation period of approximately 30 years for the cable protection project. This is based on the estimated remaining term of the NS Block and handover of the ML assets to NLH. All NSPML assets are to be fully depreciated by the end of the NS Block.

REDACTED

Request IR-03:

Refer to the Application, Exhibit N-1, pages 15-16 of 29 and respond to the following:

a) **Please provide supporting calculations for the $37.7M net interest cost, showing principal balances, repayment schedule, and interest rates used.**

b) **Please provide any sensitivity analysis conducted showing the impact on financing costs if market interest rates in 2026 differ from current assumptions. If such an analysis was performed, also provide the interest rate or ranges used in the analysis.**

Response IR-03:

a) Please see table below for a breakdown of interest costs:

Description	Total ($m)
Interest Expense Original FLG (1)	37.5
LC Fees (2)	0.4
Interest on additional debt (3)	0.5
Less: Estimated bank interest earned (4)	(0.5)
Less: Unrecoverable interest (5)	(0.2)
Total per application	37.7

i. Please see table below for the original FLG 2026 debt requirement and principal balance. Interest expense relating to the original FLG loan is highlighted below ($18.9m + $18.6m = $37.5m).

REDACTED

Scheduled Bond Payment Dates	Opening Principal Balance	Interest Payment	Principal Payment	Total Payment	Ending Principal Balance
01-Jun-26	1,080,000,000	18,900,000	20,000,000	38,900,000	1,060,000,000
01-Dec-26	1,060,000,000	18,550,000	20,000,000	38,550,000	1,040,000,000

ii. NSPML's LC Fees, which is a requirement under the FLG to maintain 6 months of debt coverage; is calculated based upon 6 months of debt service for both the original FLG and FLG2 total approximately [redacted]

iii. Additional debt was calculated based on expected debt requirement of approx. $20m, with a 30-year repayment term, at a rate of 4.85% (see part b for additional information), taking affect mid-year 2026.

iv. Estimate based on estimated bank balances and current interest rate of 3.1%.

v. Unrecoverable interest associated with the ML Project capital cost disallowance per NSPML's Final Capital Cost filing in M10206.

b) Financing rates associated with the original FLG are fixed and not subject to market fluctuations. The interest rate assumption of 4.85% for additional debt was based on a forecasted long-term borrowing rate of a rated utility. A fluctuation of +/- 0.25% would still be rounded to $0.5m. NSPML has not yet secured additional financing and the estimated rate used for the 2026 Application is subject to change.

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Request IR-04:

Refer to the Application, Exhibit N-1, page 21-24 of 29 and respond to the following:

a) **Please provide a comparison of the calculated equity return using the Concentric Energy Advisors recommended ROE of 10.1% to 10.35%, versus the requested 9%.**
b) **Please provide all calculations/workpapers supporting 9% ROE and the 8.75%-9.25% range.**
c) **Please provide any internal analysis comparing 9% to Concentric Energy Advisor's recommended ROE on revenue requirements, customer rates, and credit metrics.**

Response IR-04:

a) Please see table below for comparison of ROE at 10.1% and 10.35%

	Total ($m)
ROE at 9% per Application	40.7
ROE at 10.1%	45.7
ROE at 10.35%	46.8

b) NSPML's ROE total of $40.7m was calculated using the 5 quarter average rate base of the Original ML project at 30% equity thickness ($1,487.2 * 30% * 9% = $40.1m) plus the 5 quarter average rate base on sustaining capital at 40% equity thickness ($15.5 * 40% * 9% = $0.6m).

c) The impact of an increased ROE to 10.1% or 10.35% on the revenue requirement and customer rates would be $5.0m and $6.1m respectively.

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Request IR-05:

Refer to the Application, Exhibit N-1, page 20 of 29 and respond to the following:

a) **Please provide the full amortization schedule for FLG2 principal and interest from 2025 onward, including guarantee fees, and show how the $39.7M cost for 2026 is calculated.**

Response IR-05:

a) Please see FLG2 amortization schedule below, with 2026 items highlighted in green, and the amounts included in the 2026 assessment bolded ($18,715,527+ $18,534,539 + $2,414,376 = $39,664,442).

SCHEDULE 1 (FINAL)
ESTIMATED INTEREST AND PRINCIPAL BOND REPAYMENTS
COUPON RATE 4.048%

Scheduled Bond Payment Dates	Opening Principal Balance	Interest Payment	Principal Payment	Total Debt Payment	Ending Principal Balance	Guarantee Fee (0.5%)		
16-Dec-24					500,000,000			
01-Jun-25	500,000,000	9,260,493	8,182,664.65	17,443,157.80	491,817,335	2,500,000		
01-Dec-25	491,817,335	9,954,383	8,942,133.37	18,896,516.24	482,875,202			
01-Jun-26	482,875,202	9,773,394	8,942,133.37	**18,715,527.46**	473,933,069	**2,414,376**	39,664,442.15	Total per 2026 Assessment
01-Dec-26	473,933,069	9,592,405	8,942,133.37	**18,534,538.68**	464,990,935			
01-Jun-27	464,990,935	9,411,417	8,942,133.37	18,353,549.90	456,048,802	2,324,955		
01-Dec-27	456,048,802	9,230,428	8,942,133.37	18,172,561.12	447,106,669			
01-Jun-28	447,106,669	9,049,439	8,942,133.37	17,991,572.34	438,164,535	2,235,533		
01-Dec-28	438,164,535	8,868,450	8,942,133.37	17,810,583.56	429,222,402			
01-Jun-29	429,222,402	8,687,461	8,942,133.37	17,629,594.78	420,280,268	2,146,112		

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Scheduled Bond Payment Dates	Opening Principal Balance	Interest Payment	Principal Payment	Total Debt Payment	Ending Principal Balance	Guarantee Fee (0.5%)
01-Dec-29	420,280,268	8,506,473	8,942,133.37	17,448,606.00	411,338,135	
01-Jun-30	411,338,135	8,325,484	8,942,133.37	17,267,617.22	402,396,002	2,056,691
01-Dec-30	402,396,002	8,144,495	8,942,133.37	17,086,628.44	393,453,868	
01-Jun-31	393,453,868	7,963,506	8,942,133.37	16,905,639.66	384,511,735	1,967,269
01-Dec-31	384,511,735	7,782,518	8,942,133.37	16,724,650.88	375,569,602	
01-Jun-32	375,569,602	7,601,529	8,942,133.37	16,543,662.11	366,627,468	1,877,848
01-Dec-32	366,627,468	7,420,540	8,942,133.37	16,362,673.33	357,685,335	
01-Jun-33	357,685,335	7,239,551	8,942,133.37	16,181,684.55	348,743,201	1,788,427
01-Dec-33	348,743,201	7,058,562	8,942,133.37	16,000,695.77	339,801,068	
01-Jun-34	339,801,068	6,877,574	8,942,133.37	15,819,706.99	330,858,935	1,699,005
01-Dec-34	330,858,935	6,696,585	8,942,133.37	15,638,718.21	321,916,801	
01-Jun-35	321,916,801	6,515,596	8,942,133.37	15,457,729.43	312,974,668	1,609,584
01-Dec-35	312,974,668	6,334,607	8,942,133.37	15,276,740.65	304,032,535	
01-Jun-36	304,032,535	6,153,618	8,942,133.37	15,095,751.87	295,090,401	1,520,163
01-Dec-36	295,090,401	5,972,630	8,942,133.37	14,914,763.09	286,148,268	
01-Jun-37	286,148,268	5,791,641	8,942,133.37	14,733,774.31	277,206,134	1,430,741
01-Dec-37	277,206,134	5,610,652	8,942,133.37	14,552,785.53	268,264,001	
01-Jun-38	268,264,001	5,429,663	8,942,133.37	14,371,796.75	259,321,868	1,341,320
01-Dec-38	259,321,868	5,248,675	8,942,133.37	14,190,807.97	250,379,734	
01-Jun-39	250,379,734	5,067,686	8,942,133.37	14,009,819.19	241,437,601	1,251,899
01-Dec-39	241,437,601	4,886,697	8,942,133.37	13,828,830.41	232,495,468	
01-Jun-40	232,495,468	4,705,708	8,942,133.37	13,647,841.63	223,553,334	1,162,477
01-Dec-40	223,553,334	4,524,719	8,942,133.37	13,466,852.86	214,611,201	
01-Jun-41	214,611,201	4,343,731	8,942,133.37	13,285,864.08	205,669,068	1,073,056

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Scheduled Bond Payment Dates	Opening Principal Balance	Interest Payment	Principal Payment	Total Debt Payment	Ending Principal Balance	Guarantee Fee (0.5%)
01-Dec-41	205,669,068	4,162,742	8,942,133.37	13,104,875.30	196,726,934	
01-Jun-42	196,726,934	3,981,753	8,942,133.37	12,923,886.52	187,784,801	983,635
01-Dec-42	187,784,801	3,800,764	8,942,133.37	12,742,897.74	178,842,667	
01-Jun-43	178,842,667	3,619,776	8,942,133.37	12,561,908.96	169,900,534	894,213
01-Dec-43	169,900,534	3,438,787	8,942,133.37	12,380,920.18	160,958,401	
01-Jun-44	160,958,401	3,257,798	8,942,133.37	12,199,931.40	152,016,267	804,792
01-Dec-44	152,016,267	3,076,809	8,942,133.37	12,018,942.62	143,074,134	
01-Jun-45	143,074,134	2,895,820	8,942,133.37	11,837,953.84	134,132,001	715,371
01-Dec-45	134,132,001	2,714,832	8,942,133.37	11,656,965.06	125,189,867	
01-Jun-46	125,189,867	2,533,843	8,942,133.37	11,475,976.28	116,247,734	625,949
01-Dec-46	116,247,734	2,352,854	8,942,133.37	11,294,987.50	107,305,600	
01-Jun-47	107,305,600	2,171,865	8,942,133.37	11,113,998.72	98,363,467	536,528
01-Dec-47	98,363,467	1,990,877	8,942,133.37	10,933,009.94	89,421,334	
01-Jun-48	89,421,334	1,809,888	8,942,133.37	10,752,021.16	80,479,200	447,107
01-Dec-48	80,479,200	1,628,899	8,942,133.37	10,571,032.38	71,537,067	
01-Jun-49	71,537,067	1,447,910	8,942,133.37	10,390,043.61	62,594,934	357,685
01-Dec-49	62,594,934	1,266,921	8,942,133.37	10,209,054.83	53,652,800	
01-Jun-50	53,652,800	1,085,933	8,942,133.37	10,028,066.05	44,710,667	268,264
01-Dec-50	44,710,667	904,944	8,942,133.37	9,847,077.27	35,768,533	
01-Jun-51	35,768,533	723,955	8,942,133.37	9,666,088.49	26,826,400	178,843
01-Dec-51	26,826,400	542,966	8,942,133.37	9,485,099.71	17,884,267	
01-Jun-52	17,884,267	361,978	8,942,133.37	9,304,110.93	8,942,133	89,421
01-Dec-52	8,942,133	180,989	8,942,133.37	9,123,122.15	0	

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Request IR-06:

Refer to the Application, Exhibit N-1, pages 25-27 and respond to the following:

a) **Please provide all calculations and supporting workpapers used to determine the proposed 60/40 debt-to-equity ratio, and quantify its projected impact in 2026 on:**
   i. **Weighted Average Cost of Capital (WACC)**
   ii. **Debt service coverage**
   iii. **Financing cost assumptions**
   iv. **Revenue requirements**
   v. **Credit ratings**

b) **Please provide any benchmarking studies relied on to justify alignment with NS Power's 60/40 debt-to-equity ratio.**

Response IR-06:

a)
   i. NSPML's WACC relating to the original ML Project financing at 70:30 DER is 5.26% (including FLG2); and the estimated WACC on sustaining capital investment would be 6.51% based on an estimated financing rate of 4.85% at 60% debt and 9% ROE at 40% equity. Please see SBA IR-3(b).
   ii. NSPML does not expect a material change to the DSCR as the costs would be recoverable, therefore included in the revenue component of the calculation.
   iii. Please see SBA IR-003 (b) for financing assumptions.
   iv. While equity financing costs would have increased, the offsetting decrease of lower debt financing once rounded, resulted in the revenue requirement remaining unchanged by using a 60:40 DER for sustaining capital as compared to a 70:30 DER for sustaining capital. While the equity financing amount is reduced from $40.7m to $40.6m by

lowering the equity thickness from 40% to 30%; the interest financing cost increased by the same increment from $37.7m to $37.8m by increasing the debt percentage from 60% to 70%.

v. The proposed debt-to-equity ratio for sustaining capital will have no impact on the credit rating for the federally guaranteed debt issued by NSPML. That credit rating is based solely upon the government of Canada’s credit standing. Financing relating to 2026 sustaining capital has not been secured and the proposed 60/40 debt to equity ratio will not result in NSPML obtaining a credit rating for such purpose. Please see SBA IR-003 (b).

b) NSPML considered its expert evidence as presented by Concentric Energy Advisors which noted the T&D proxy group of companies having an average authorized capital structure of approximately 49% equity, with a range from 37% to 54.4%. Although the proxy group average was higher than 40%, given NSPML is a FAM cost, NSPML believes alignment with NSPI’s capital structure would be most appropriate.