

NOVA SCOTIA ENERGY BOARD

IN THE MATTER OF: **THE PUBLIC UTILITIES ACT** and the **MARITIME LINK ACT** and
the **MARITIME LINK COST RECOVERY PROCESS**
REGULATIONS

- and -

IN THE MATTER OF: **AN APPLICATION** by **NSP MARITIME LINK INCORPORATED** for
approval of its 2026 revenue requirement and cost assessment

INFORMATION REQUESTS

To: **Shellie Woolham**
Emera Newfoundland & Labrador
Director, Regulatory Affairs & Governance
1223 Lower Water Street
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By email: shellie.woolham@emera.ca

From: Board Staff
Nova Scotia Energy Board

Responses Due: **Tuesday, September 9, 2025**

Copies: 1 electronic copy (PDF searchable)

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Issued at Halifax, Nova Scotia, this 19th day of August, 2025.



for Crystal Henwood, Clerk of the Board

Request IR-1:

In the Spring of 2025, NS Power suffered a cybersecurity incident.

a) Did this incident impact NSPML's operations, assets or information technology?

b) Are any proposed O&M costs for 2026 related to or affected by this cyber incident? If so, please provide a quantified breakdown.

IR-2 to IR-31 Reference Exhibit N-1 Pages 4 -29

Request IR-2:

Page 7

NSPML states: "NSPML will be completing the Cable Protection Project in 2026 (pending approval); with the next marine inspection survey over the full length of the cables forecasted for 2027." Please explain why it is necessary to conduct a new marine survey in the year immediately following the proposed cable protection project.

Request IR-3:

Page 7

NSPML states: "The global and local vessel markets are constantly changing in terms of availability and cost for suitable vessels and specialized equipment." Please detail the steps NSPML is taking to mitigate these risks.

Request IR-4:

Page 8

NSPML states: "NSPML will be renewing its Long-Term-Service-Agreement ("LTSA") relating to converter station contingency planning and operational support in 2027 with Hitachi and negotiations are presently planned to commence in 2026. This is a material contract and, until contract negotiations are well underway, the cost of the LTSA in 2027 is unknown."

a) Please define "material", including any contractual parameters or cost thresholds used to classify a contract as material.

b) Please explain why the change in costs (not the total cost) from the existing LTSA already embedded in NSPML's operating costs, to the new LTSA is considered "material".

c) Please explain why NSPML is unable to estimate the costs for the renewed LTSA within a reasonable range based on the 2025 costs for the existing LTSA.

Request IR-5:

Page 8

NSPML states: “NSPML has not completed its assessment for planned transmission line and related inspection and maintenance work into 2027 and beyond following recent years’ activities. This work will be completed through the remainder of 2025 and into 2026 with refinements to the future work scope and timing established as part of normal asset management planning activities. Estimating costs beyond 2026 in advance of completing the appropriate assessment work is both premature and subject to high uncertainty at this time.”

- a) Please confirm that the transmission infrastructure in question is NSPML’s non-marine infrastructure.
- b) Please identify each element of existing uncertainty relating to transmission line and related inspection and maintenance work in 2027 and 2028 and discuss the degree of uncertainty associated with each element.
- c) Please explain why “assessment for planned transmission line and related inspection and maintenance work into 2027 and beyond” is not part of NSPML’s Long-Term Asset Management Plan (LTAMP).
 - i. If this work is part of NSMPL’s LTAMP, please identify specifically where it is identified in Attachment 2 of the application.
- d) Please describe how NS Power conducts its assessments for planned transmission line and related inspection and maintenance work.
 - i. How often does NS Power conduct these assessments?

Request IR-6:

Pages 8-9

NSPML states: “In addition to the items listed above, with Newfoundland & Labrador Hydro still in early stages of normal operations after commissioning of the Labrador Island Link (“LIL”) in April of 2023 and approaching final 900MW testing for the LIL, NSPML and NLH are working through a commercial exercise to align operating practices and maintenance of the overall components of the full Lower Churchill Project 1 (specifically the Muskrat Falls Hydro Facilities, the Labrador Transmission Assets, the Labrador Island Link and the Maritime Link). This work is expected to be completed in 2026 and may also have an impact on future assessments.”

- a) Please explain specifically how Newfoundland & Labrador Hydro (NLH) operating practices and maintenance associated with the Muskrat Falls Hydro Facilities, the

1 Labrador Transmission Assets, and the Labrador Island Link impact NSPML's costs
2 associated with O&M practices on its own assets.

3 b) Please confirm that the O&M practices applied by NSPML over the Maritime Link are
4 consistent with "good utility practices".

5 c) Please provide an estimate of the annual O&M costs incurred by NSPML in each of 2022,
6 2023, and 2024 for NSPML's engagement with NLH about the operation and maintenance
7 of the totality of the Lower Churchill Project assets.

8 d) Is NS Power involved in any of the discussions with NLH about the operation and
9 maintenance of the Lower Churchill Project assets? If so, please describe how it is
10 involved and explain how its participation differs from that of NSPML.

11 e) Is the NS Power System Operator engaged with NLH about final 900 MW testing for the
12 Labrador Island Link (LIL)? If so, please explain how it differs from NSPML's engagement
13 on the same issue.

14 f) How does final 900 MW testing for the LIL impact NSPML's O&M practices?
15

16 **Request IR-7:**

17 Page 9

18 NSPML states: "Another current material uncertainty relates to geo-political risks such as
19 unpredictable tariffs which have been impacting many Canadian businesses. While NSPML is not
20 directly affected at this time, some of its material contracts are European based, which could be
21 affected depending on the impact the tariffs have on the global economy."

22 a) Are these risks being addressed and included in revenue requirements in NS Power's
23 upcoming general rate application?

24 i. If so, please explain how these risks are being addressed in that application.

25 b) Please explain how NSPML's material contracts would be negatively impacted by
26 American tariffs given the Canada European Trade Agreement and Canada-UK Trade
27 Continuity Agreement.
28

29 **Request IR-8:**

30 Page 9

31 NSPML states: "The above items include material undertakings with potential for large uncertainty
32 relative to the relatively small variable portion of NSPML's Assessment." If the variable portion is
33 a relatively small portion of the NSPML assessment, please explain why this doesn't lower the
34 risk associated with estimated costs for these items in a multi-year assessment filing.

Request IR-9:

Pages 7-9

NSPML states “some material elements of O&M costs cannot be accurately assessed several years in advance because of the market complexity, uncertainty and other factors”.

- a) Please explain how NSPML is positioned differently than NS Power in its ability to propose multi-year assessments in terms of the complexity of its operations and the limited type of assets it operates compared to NS Power.
- b) Please provide the final cost of the 2024 marine survey and also provide your response to NSUARB IR-6(d) in Matter M11791 (2025 cost assessment application) about the updated estimate of costs for this marine survey.
- c) Please provide the forecast and actual O&M costs from 2020 to 2024, inclusive, in table format.
- d) Please provide the actual annual costs incurred by NSPML in each of the 2022, 2023, 2024, and 2025 cost assessment applications, of NSPML’s regulatory, legal, and consulting expenses, as well as intervenor legal and consulting costs.
- e) With respect to Transmission, p. 8, lines 16-22, please explain specifically how NSPML’s O&M costs have any greater degree of uncertainty than NS Power’s O&M costs for its transmission lines.

Request IR-10:

Page 10

Please show NSPML’s calculations for the 2026 depreciation expense of \$57.2 million.

Request IR-11:

Page 10 (lines 10-15) and Page 20 (lines 17-24)

Please set out in table format, the proposed invoicing to NS Power throughout 2026, including separate columns for 1) the monthly assessments for the 2026 cost assessment; 2) the semi-annual assessments for the FLG2; and 3) a Total column.

Request IR-12:

Page 11, Table 2: Operations & Maintenance Forecast – 2026 vs 2025

Please provide a revised version of the Table to include an additional column showing 2025 costs to date, and an additional column to show 2024 actual costs.

Request IR-13:

Page 11, Table 2: Operations & Maintenance Forecast – 2026 vs 2025

Note 1 to Table 2 of the application states: “Converters and substation operations, marine surveillance, and service agreements for asset maintenance programs have been aggregated to protect against disclosure of commercially sensitive information.” Please provide the projected 2026 and actual 2025 “maintenance and inspections” costs for each of these items on a confidential basis.

Request IR-14:

Page 11

NSPML states: “As anticipated in the 2025 Assessment Application, a larger scope of vegetation management activities is forecasted to be required in 2026 as compared to 2025, increasing the cost in 2026 by approximately \$0.5 million.”

- a) Please explain why more vegetation management work is required in 2026 compared to 2025.
- b) Please describe the expected scope of work for 2026 vegetation management.
- c) Please explain how the increased cost of \$0.5 million was estimated.

Request IR-15:

Page 12

NSPML states: “As also noted in the 2025 Assessment, NSPML has adopted a condition-based approach to vegetation management for transmission lines. NSPML’s current practice is using LiDAR technology to measure the height of vegetation, and to assess and predict where vegetation must be managed in an Integrated Vegetation Management approach widely adopted in the industry, including at NS Power. Having completed the survey in 2024; the analysis is ongoing and will be completed in 2025 to assess where vegetation management is required in the near term.”

- a) Please provide the actual cost to complete the LiDAR survey in 2024.
- b) Please provide the cost to date and projected final cost to complete the LiDAR survey in 2025.
- c) How often does NSPML expect to conduct LiDAR surveys?
 - i. Please identify specifically where expected future LiDAR work is identified in Attachment 2 of the application.

Request IR-16:

Page 12

NSPML states: "As expected, more drone inspection work is now planned for 2026 as compared to the 2025 Assessment, which increases Transmission Line inspection costs by \$0.5 million."

- a) Please explain why more drone inspection work is required in 2026 compared to 2025.
- b) Please explain how the increased cost of \$0.5 million was estimated.

Request IR-17:

Page 12

NSPML states: "The Labour and Administration cost category is composed of costs related to regulatory and legal, consulting, and labour and incentive."

- a) Please provide a breakdown of the projected 2026 Labour and Administration cost to show legal, consulting, labour and incentive costs as separate line items.
- b) Please provide a breakdown of the approved 2025 Labour and Administration cost to show legal, consulting, labour and incentive costs as separate line items.
 - i. Please provide the 2025 costs to date for each of these line items.
- c) Please provide a breakdown of the actual 2024 Labour and Administration cost to show legal, consulting, labour and incentive costs as separate line items.

Request IR-18:

Page 12

NSPML states: "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) What is the estimated cost for "higher administrative fees associated with the FLG2"?
- b) Please explain why the FLG2 has experienced higher administrative fees.
- c) Please describe what new administrative duties are related to FLG2.
- d) Are these FLG2 administrative fees one-time fees or will they be recurring in the future years?
- e) Please explain why these administrative fees are not included in the "FLG2" cost noted in Table 1 of the application (page 10 of 29).
- f) Are there administrative fees related to FLG1? If so, what are the annual costs?
- g) Please describe the "ongoing commercial matters" to which some of the \$0.5 million increased cost is attributed.

- 1 i. Please describe the scope of consulting work associated with these “ongoing
2 commercial matters”, complete with an estimate of required consultant hours.
- 3 h) Is the consulting related to ongoing commercial matters between NSPML and NLH the
4 same issue noted earlier in the application at p. 8, line 24, “Other Considerations”? If not,
5 please explain what the commercial matters under Labour and Administration are related
6 to.
- 7 i) The \$400,000 increase relating to “inflationary pressures” appears to be a 4.7% increase
8 from the approved \$8.6 million Labour and Administration amount in 2025. What has
9 NSPML assumed for inflation in 2026? Please explain the justification for this assumption
10 in 2026.

11
12 **Request IR-19:**

13 Page 12

- 14 a) How many FTEs are budgeted in 2026? Please provide a listing of the proposed 2026
15 staffing complement (FTEs) along with job titles and brief position descriptions, as well as
16 a comparison with 2023, 2024 and 2025 FTE complements.
- 17 b) How many FTEs are currently in place in 2025?
- 18 c) Have there been any positions added or eliminated since filing for the 2025 assessment?
19 i. If so, please describe and provide reasons.
- 20 d) Are there any key positions currently vacant?
- 21 e) What is the dollar amount budgeted for FTEs in 2025 and in 2026?
- 22 f) Are all employees eligible for an incentive payment?
- 23 g) What is the dollar amount budgeted for incentives in 2025 and in 2026?
- 24 h) Are any new 2026 FTEs budgeted under O&M costs related to NSPML’s application for
25 its submarine cable protection capital application (Matter M12285)? If so, please explain.
26

27 **Request IR-20:**

28 In Matter M11791 relating to the 2025 cost assessment application, Board Staff IR-7(b) asked the
29 following:

30 “In its Reply Submissions dated December 5, 2023, in the proceeding for NSPML’s 2024
31 assessment (M11285), NSPML noted that it had, at that time, 74 insulated gate bipolar transistor
32 (IGBT) spares and said its target inventory was 224. Please provide a table accounting for the
33 monthly changes in inventory levels of IGBT spares since that time and NSPML’s annual failure
34 rate for IGBTs since the Maritime Link became operational”. In its response on August 19, 2024,

1 NSPML noted it expected to have 116 IGBT's in inventory at the end of 2024. In footnote 12 on
2 page 14 in Exhibit N-1 in this proceeding, NSPML notes it will be receiving IGBTs in 2026.

3 a) Please update the table provided in NSPML's response to 2025 YTD actual, including
4 updating the failure rate information. Please include end of year projections for 2025 and
5 2026.

6 b) Please include an additional column showing annual capital expenditures on IGBTs in
7 each year.

8 c) Please explain any discrepancy between the actual number of IGBTs in inventory at the
9 end of 2024 and NSPML's August 19, 2024, estimate of 116.

10
11 **Request IR-21:**

12 Page 14

13 NSPML stated that sustaining capital expenditures of about \$0.5 million (excluding the proposed
14 submarine cable protection capital application) are expected to be required and incremental
15 funding for those expenditures is being requested in the 2026 assessment application. Please
16 provide the current estimate of amounts that may be requested for future (sustaining) capital
17 investments in 2027, 2028 and 2029, including for any projects less than \$1 million.

18
19 **Request IR-22:**

20 Page 17

21 NSPML states: "Applying the requested (see Section 7) 40 percent equity thickness to NSPML's
22 forecasted 2026 sustaining capital average rate base of \$15.5 million yields an average sustaining
23 capital equity investment of \$6.2million." Further, footnote 17 on page 17 references Attachment
24 1 of the application for NSPML's Rate Base Continuity Schedule.

25 a) Please show NSPML's calculations for the 2026 average sustaining capital rate base of
26 \$15.5 million.

27 b) The rate base continuity schedule in Attachment 1 shows net sustaining capital additions
28 in 2026 of \$34.5 million. Please reconcile this amount with the \$33.5 million amount shown
29 in Table 3 on page 14 of 29 of the application.

30 c) Please confirm, or clarify otherwise, that if NSPML applies the 30% equity thickness to the
31 2026 forecasted sustaining capital average rate base of \$15.5 million, the average
32 sustaining capital equity investment will be \$4.65 million ($0.3 \times 15.5 = 4.65$).

33 d) If applying the 30% equity thickness, please provide the estimated equity financing costs
34 in 2026.

Request IR-23:

Page 21

NSPML states: “NSPML also believes that requesting a 9 percent Return on Equity (ROE) with the evidence provided could support a more simplified review of ROE specifically and, as a whole, NSPML’s 2026 Assessment Application.” Please explain what is meant by “a more simplified review”. Is it intended to suggest that its evidence provided must be accepted as unquestionable and inevitably leading to only a single conclusion that the requested 9% rate cannot possibly be higher than NSPML is entitled to?

Request IR-24:

Page 22

NSPML states: “However, because there are limited regulated subsea utility comparators in North America, Concentric believed it prudent to provide additional analysis based on a proxy group of typical North American Electric T&D utilities...” With specific reference to risk profiles, please explain why it is more appropriate to use a proxy group of US and Canadian T&D utilities than it is to provide an analysis of regulated subsea utilities based in Europe.

Request IR-25:

Page 22

NSPML states: “The converter technology housed inside the converter stations at both ends of the interconnection in Nova Scotia and Newfoundland includes thousands of components, including multiple layers of sensitive and specialized digital equipment, computers and associated technology that all have their own risks, obsolescence and spares requirements. These highly technical, specialized, and complicated systems differ in scale and complexity from traditional transmission substations and add significantly to the operational risk and associated maintenance focus and approach taken (and required) by the Maritime Link asset integrity management team.”

a) Please describe each of these risks.

i. For each risk, please explain why it is unique and/or a higher risk compared to an HVAC transmission asset base (including related substations, etc.)

b) Please describe the spares requirements for this equipment.

i. For each spare requirement, please explain why it is different compared to an HVAC transmission asset base (including related substations, etc.)

1 c) Please confirm that the “significant operational risk” (as asserted by NSPML) for the
2 converter stations is mitigated by increased NSPML O&M cost projections as compared
3 to traditional HVAC assets and substations.

4 i. If not confirmed, please explain.

5 d) Please confirm that the obsolescence risks and spare requirements for the converter
6 station’s equipment is accounted for in NSPML’s sustaining capital cost projections.

7 i. If not confirmed, please explain.

8
9 **Request IR-26:**

10 Page 23

11 NSPML states: “Another complexity that separates NSPML from more traditional transmission
12 owner/operators is the responsibility for managing complex commercial agreements with
13 Newfoundland and Labrador Hydro (“NLH”), including the Joint Operations Agreement, the
14 Energy Access Agreement, and the Energy and Capacity Agreement. As noted by Concentric,
15 managing such contracts is atypical of a North American transmission entity.”

16 a) Please file the current versions of the Joint Operations Agreement, the Energy Access
17 Agreement, and the Energy and Capacity Agreement.

18 b) It seems more likely that responsibility for managing these commercial agreements falls
19 more heavily on NS Power and the NS Power System Operator.

20 i. Please precisely define NSPML’s actual responsibility and role in managing these
21 agreements as distinct from the management and actual activities undertaken by
22 NS Power and the NS Power System Operator, including any material differences
23 in the issues involved, the time commitment, costs and consulting assistance.

24 ii. Please explain why any residual responsibility left to NSPML is complex, relative
25 to traditional transmission owner/operators, including any material differences in
26 the issues involved, the time commitment, costs and consulting assistance.

27 c) Assuming NSPML prudently manages these agreements, please confirm the higher risk
28 associated with these agreements would generally be borne by ratepayers.

29 i. If not confirmed, please explain.

30 d) Please confirm that costs associated with managing these complex commercial
31 agreements (as asserted by NSPML) are accounted for in NSPML’s O&M cost projections.

32 i. If not confirmed, please explain.

33 e) Please describe the additional risks to NSPML associated with managing these
34 agreements, as compared a typical transmission entity.

- 1 f) Page 4 states: “As background, strong performance of the Maritime Link continues from
2 2024 into 2025.” Page 8 of Appendix A states: “The Maritime Link was built on time and
3 on budget by NSPML...” Would the “strong performance” and ability to complete a mega
4 project as planned not be a strong risk mitigating factor? If not, please explain.
- 5 g) Please confirm that complexity and risk is mitigated for NSPML given the existence of
6 “OEM recommendations, industry standards and guidelines” as noted on page 4 of
7 NSPML’s Asset Management Outlook.

8

9 **Request IR-27:**

10 Page 23

11 NSPML refers at several points in the application to the impact of the FLG2 which changed
12 NSPML’s capital structure to about 78/22 debt to equity. NSPML submits that this places it at
13 higher risk:

- 14 • Page 19, lines 13-19 – “As mentioned in NSPML’s recent capital application [Cable
15 Protection Project (M12285)], NSPML does not currently have debt financing in place and
16 is in the process of determining its best financing options given its ~78/22 capital structure
17 and that any additional debt is subordinated to Canada pursuant to the terms of FLG1 and
18 FLG2. At this time, it is expected that NSPML will have higher financing costs than NS
19 Power”.
- 20 • Page 23, lines 20-22 – “Lastly, at 70 percent debt and 30 percent equity, NSPML carries
21 a higher risk capital structure as compared to typical T&D utilities. This has been further
22 accentuated since the addition of FLG2 which put NSPML’s capital structure at ~78/22”.
- 23 • Page 25, lines 22-24 – “After FLG2 was put into place, the debt-to-equity ratio for NSPML
24 was reduced to approximately 78 percent debt and 22 percent equity, resulting in the
25 financial risk for NSPML being significantly higher than other regulated entities”.
- 26 • Appendix A (Concentric), page 58, lines 1-12 – “Additionally, an incremental \$500 million
27 in debt (backed by GOC guarantee) was issued in December 2024 at 4.04%. The
28 proceeds were used to finance the amount owed by customers to NS Power for the
29 deferred FAM balance. As a result, NSPML now has an actual equity ratio of
30 approximately 78% debt / 22% equity. Although the additional debt is separated from a
31 regulated capital structure basis, this debt and additional balance sheet leverage would
32 be considered by creditors as debt obligations of NSPML. As explained in Section 2 of our
33 report, there is a relationship between the capital structure and the authorized ROE. That
34 is, other factors being equal, firms with lower common equity ratios require higher rates of

1 return to compensate shareholders for the additional financial risks (i.e., impact of financial
2 leverage on credit metrics and credit rating, financial institutions having first right over
3 earnings to repay debt obligations, and the impact of any potential disallowances).
4 Consequently, when a regulator approves a capital structure, that decision impacts the
5 required rate of return on common equity.”
6

7 At paragraph 80 of the Board’s decision in Matters M11791 & M11902, 2024 NSUARB 199, in
8 approving the Supplemental Assessment Application respecting the FLG2, the Board noted –
9 “Further, NSPML noted that issuance of the new \$500 million bond debt will not have an impact
10 on NSPML’s credit rating or risk profile. In response to Information Requests from Board staff,
11 NSPML confirmed that taking on this new debt would have no impact on its ROE or its ability to
12 finance future capital projects”.
13

- 14 a) Please confirm, or explain otherwise, that in response to Board staff IR-16(d) in M11902
15 (Exhibit N-12) asking about the impact on NSPML’s required ROE after the \$500 million
16 new debt is incurred, NSPML stated “There is no impact on NSPML’s required ROE”.
17 b) Please confirm, or explain otherwise, that in response to Board staff IR-19(b) in M11902
18 (Exhibit N-12) NSPML stated: “The new \$500 million of debt under the FLG2 is not
19 expected to impact NSPML’s credit rating or risk profile and is therefore not expected to
20 limit the ability for future debt financing related to sustaining capital. NSPML’s future debt
21 financing will be based on a number of items, including its ability to maintain current FLG
22 debt covenants, the fact that it is a regulated cost of service utility, the strength of its major
23 creditor (NS Power), and the strength of NSPML’s balance sheet. Actual factors will be
24 known at the time when future borrowings are pursued.”
25 c) Please confirm whether it is still NSPML’s view that the FLG2 transaction did not have a
26 negative impact on NSPML. If not, why not?
27 d) Please confirm whether the Board should rely on NSPML’s representations in the decision
28 about the FLG2 to deny NSPML’s request for a change in its capital structure and ignore
29 that issue’s impact on the ROE analysis. If not, why not?
30

31 **Request IR-28:**

32 Page 23

33 NSPML states: “In addition, the ML delivers energy from Newfoundland to Nova Scotia via two
34 170km subsea cables that, themselves, result in increased operational risks and complexity due

1 to them being undersea at significant and varying water depths, in addition to the exposure of
2 extreme environmental conditions.”

3 a) Please confirm that the “increased operational risks and complexity” (as asserted by
4 NSPML) for the cables are mitigated by increased NSPML O&M cost projections
5 (including marine survey costs) and sustaining capital cost projections as compared to
6 traditional HVAC assets and substations.

7 i. If not confirmed, please explain.

8 b) In its application for approval in Matter M12285 (capital approval application for submarine
9 cable protection), NSPML’s expert, Mr. James Hunt, stated on page 8 of his evidence:
10 “The Maritime Link meets its design requirements as demonstrated by the low overall
11 external probabilistic risk assessment established in the most recent Cable Integrity Risk
12 Assessment for the Maritime Link.” Further, in response to NSEB IR-29 in Matter M12285,
13 NSPML filed Attachment 1 which provides a cover memo to context the current Maritime
14 Link submarine cable probabilistic risk assessment reflecting anchoring, fishing and sea-
15 ice risk. The memo is dated July 23, 2025. The memo notes that Mean Time to Failure
16 (MTTF) for the cables resulting from sea-ice risk (which the memo notes is the highest
17 source of risk to the cables) ranges between 6,904 years and 8,366 years. The memo
18 also notes that the probabilistic risk return period associated with anchor risk remains
19 greater than 30,000 years, and that the probabilistic risk return period for fishing risk is in
20 excess of 1,000,000 years. Please compare these MTTF’s and risk return periods to those
21 of typical HVAC transmission lines.
22

23 **Request IR-29:**

24 a) Please describe the guarantee provisions of the FLG and FLG2.

25 b) Excluding risk associated with capital structure, please explain how these provisions
26 impact NSPML’s financial risk.
27

28 **Request IR-30:**

29 Page 26

30 NSPML states: “NSPML is requesting that the Board grant flexibility in NSPML’s equity thickness
31 using a range of +/-1.5 percent which results in a range of 28.5-31.5 percent equity and 68.5-71.5
32 percent debt on NSPML’s original project capital.”

- 1 a) Please confirm that NSPML intends to calculate its average annual equity thickness, if this
2 band was approved, using the actual equity thickness at the end of each quarter for five
3 quarters.
- 4 b) NSPML's response to Board IR-18 in M10057 (NSPML Audited Financial Statements for
5 2018, 2019, and 2020) stated: "The terms of the Federal Loan Guarantee require NSPML
6 to maintain a *minimum* equity thickness of 30%". Given this requirement, why is NSPML
7 asking for flexibility ranging to 28.5%?
8

9 **Request IR-31:**

10 Page 28

11 NSPML states: "In the 2025 Assessment Decision, the Board directed NSPML to file its Asset
12 Management Plan as part of its 2026 Assessment Application. Please see partially confidential
13 Attachment 2 for NSPML's 10-year Asset Management Outlook." Board staff notes that the
14 Board's direction in its 2025 Assessment Decision was for NSPML to file its Long-Term Asset
15 Management Plan (LTAMP) by June 30, 2025.

- 16 a) Does NSPML consider Attachment 2 - NSPML's 10-year Asset Management Outlook it
17 filed in the current proceeding to be its LTAMP?
- 18 i. If not, please explain why NSPML has not filed its LTAMP per the Board's direction.
19 ii. If so, please explain why it has taken almost 4 years to prepare the 12-page
20 document.
21 iii. What is the significance of naming Attachment 2 as "NSPML's Asset Management
22 Outlook" instead of "Long-Term Asset Management Plan"?
23 iv. Given the nature of the commercial agreements with Nalcor and the fact that the
24 Maritime Link is to be transferred to Nalcor at the end of a 35-year term, why is the
25 Asset Management Outlook/LTAMP focused on a 10-year outlook rather than a
26 review of the full term of the Maritime Link when it is owned and operated by
27 NSPML?
- 28 b) Board staff notes that NSPML's LTAMP is intended to identify and document appropriate
29 asset management strategies and techniques to adequately maintain NSPML's assets
30 over the long-term. The LTAMP is specifically defined in the "Nalcor Energy and Emera
31 Inc. Amended and Restated Joint Operations Agreement":
32 "Long Term Asset Management Plan" or "LTAMP" means, for each of the Defined Assets,
33 a plan describing and quantifying the O&M Activities, in the case of the Transmission
34 Assets, or the MFP Operating and Maintenance Activities, in the case of the MFP, for the
35 Defined Asset for each year of its Initial Service Life in sufficient detail to determine the
36 estimated annual Operating and Maintenance Costs, including:

1 (a) a description of each activity, including at a minimum routine annual O&M Activities and
2 major asset component inspections, overhauls, retirements and replacements which do
3 not occur annually; and

4 (b) the expected year of the occurrence of each such activity;"

5 Please explain how Attachment 2 meets this definition of the LTAMP.

6 c) Please identify the costs incurred to date by NSPML to prepare the LTAMP.

7 i. For each of 2021, 2022, 2023, 2024, 2025 and 2026 please identify the cost
8 included in NSPML's related cost assessment associated with preparing the
9 LTAMP.

10 ii. For each of 2021, 2022, 2023, and 2024 please identify the actual cost incurred
11 by NSPML to prepare the LTAMP.

12
13 **IR-32 to IR-44 Reference Exhibit N-1, Appendix A, Concentric Expert Evidence** (refer to
14 Appendix page numbers at the bottom of each page).

15
16 **Request IR-32:**

17 Page 6 states "The above three risks differentiate NSPML from the average T&D utility."

18 a) Please discuss risks related to the average T&D utility that are higher than for NSPML; for
19 example, NSPML's revenue is based on annual assessments that it recovers from a single
20 party over equal monthly installments, rather than from multiple customers and subject to
21 load forecast variances due to weather, changing customer load shapes and demand, etc.

22 b) How does this risk compare to European utilities with subsea transmission cables?

23
24 **Request IR-33:**

25 Pages 12 to 15 Macroeconomic Conditions 1. Canada

26 In the Cost of Capital Report provided in M10431 Nova Scotia Power General Rate Application,
27 Concentric's evidence supporting a ROE of 10.1% cited economic contraction in the second
28 quarter of 2021 at an annualised rate of 1.1% "raising doubts about the strength of the economic
29 recovery." Whereas the analysis of Canada's GDP in this application cites growth from Q2 2024
30 into 2025. Given the improved economic conditions cited, why does Concentric not consider a
31 lower ROE more appropriate?

32
33 **Request IR-34:**

34 Page 19 cites the Bank of Canada April 2025 Monetary Policy Report, since then the Bank of
35 Canada has released the July 2025 Monetary Report. The July report notes that since April, the

1 risk of a severe trade conflict is lower and there is a better understanding about what the tariffs
2 could be. Additionally, the July Report indicates that CPI was 1.9% in June, economic growth in
3 the first quarter was stronger than expected and short-term business expectations have
4 moderated. Based on the July MPR please identify where revisions could be made to any
5 assumptions applied in the models.

6
7 **Request IR-35:**

8 Figure 13: Country Risk Ratings

9 Has The Economist updated its country risk rates for either Canada or the United States since
10 August 2021? If so, please restate Figure 13 based on the most recent update.

11
12 **Request IR-36:**

13 Figure 14 on page 29:

- 14 a) Do the listed transmission cables operate in competitive transmission markets?
15 i. If so, please identify the transmission cables that operate in a competitive
16 transmission market.
17 b) Are approved ROEs for companies that operate in competitive transmission markets
18 typically higher than those that do not operate in competitive markets? Please explain.

19
20 **Request IR-37:**

21 Page 34 states: "Nevertheless, the North American Electric T&D proxy group provides the best
22 comparator group for purposes of establishing the investor-required return for an electric
23 transmission company like NSPML." Would Mr. Coyne expect the business and financial risks
24 associated with owning and operating a pure transmission company to be different than those of
25 a transmission and distribution company? Please explain.

26
27 **Request IR-38:**

- 28 a) Please provide the current credit rating for each of the companies listed in Figure 17 on
29 page 35.
30 b) What is NS Power's current credit rating?

31
32 **Request IR-39:**

- 33 a) Please describe how the proxy group of North American T&D utilities aligns with NSPML's
34 unique risk profile.

- 1 b) Please identify the utilities in the proxy group that manage “highly complex series of
2 agreements” with other utilities and identify the type of agreement.
- 3 c) Page 44 states that the US and Canadian economies are highly integrated and capital
4 investments across the border are regular and the risk premiums are correlated, therefore
5 a single MRP for Canada and the US is reasonable. Please identify which of the US T&D
6 utilities in the proxy group apply a Canadian Market Risk Premium to their calculation of an
7 MRP?
- 8 d) In Exhibit N-3, worksheet CEA-7, why does the risk premium in column [5] use the US
9 Government 30-year Treasury instead of a Canadian 30-year bond yield?

10
11 **Request IR-40:**

12 **Page 45 to 46: Flotation Costs and Financing Flexibility**

- 13 a) Mr. Coyne states that seven of ten jurisdictions in Canada have historically granted a 50-
14 basis point adjustment for flotation costs. Please confirm that Mr. Coyne has included the
15 BCUC and the OEB in his seven, both of which he has noted have recently disallowed the
16 recovery of flotation costs or allowed less than a 50-basis point adjustment for flotation
17 costs.
- 18 b) Please confirm that given Mr. Coyne’s statement that “investors typically have a multi-year
19 view of their required returns on equity” (p. 48) it follows that investors typically hold equity
20 over a period of years, or explain otherwise.
- 21 c) Please confirm, or explain otherwise, that flotation costs including “out-of-pocket
22 expenditures for the preparation, filing, underwriting, as well as a discount to the share
23 price, and other costs of issuance of common equity” are generally one-time transactional
24 costs incurred on the sale of new issues of common equity.
- 25 d) Please confirm that a 50-basis point adjustment for flotation costs for NSPML implies an
26 annual expenditure of approximately \$2.3 million “for the costs associated with the sale of
27 new issues of common equity.” (i.e., 1/18th of the \$40.7 million associated with NSPML’s
28 proposed 9% return). If not confirmed, please provide the correct amount showing how it
29 is calculated.
- 30 e) Please provide all evidence of NSPML’s actual “costs associated with the sale of new
31 issues of common equity” (either directly incurred or allocated to it by affiliates) over the
32 past five years.
- 33
34

Request IR-41:

Page 55 states: "NSPML is subject to both operational and contract management risk that can result in disallowances. These can either come about as a result of management of energy (NS Block obligations and purchased energy rights via the NS Power FAM review), as well as management of the physical assets which are covered in NSPML's assessments." This statement appears to imply the potential of failing to abide by its contractual commitments to deliver energy to customers is a risk that NSPML incurs, and that this risk should result in a higher approved ROE than would otherwise be allowed. Please explain.

Request IR-42:

Page 56 states: "As evidence that NSPML has greater than average business risk, Concentric observes that the Company has been unable to earn its authorized return in most years since the Maritime Link was placed in service in 2018. As shown in Figure 27 below, the earned ROE for NSPML has generally been below the authorized ROE range of 8.75% to 9.25%. Specifically, the average regulated ROE from 2018-2024 was 8.50%."

a) Does Mr. Coyne agree that part of the reason NSPML was not able to earn its approved ROE in many of these years was related to NSPML's inability to deliver the full extent of the NS Block and the related holdback mechanism implemented by the Board to protect customers? Please explain.

b) Note 3 for Table 27 states: "If ~\$10M of 2024 holdback is disallowed, the regulated ROE will be adjusted to ~7.27% for 2024."

i. Please explain the meaning of "if ~\$10M of 2024 holdback is disallowed".

ii. Based on NS Power's calculations, does it expect to lose any portion of the \$10 million for 2024?

Request IR-43:

Figure 27 Authorized vs. Regulated ROE for NSPML

a) Does Mr. Coyne agree that in all years NSPML has exceeded its authorized equity thickness? (2018 – 30.6%, 2019 – 30.4%, 2020 – 30.5%, 2021 – 30.5%, 2022 – 30.7%, 2023 – 30.65%, 2024 – 30.89%)

b) Does Mr. Coyne agree that if the return on equity calculation was based on its authorized equity thickness, the return on equity would be higher in each year?

c) Please see the Board's decision letter in M10528 where the Board noted that NSPML's ROE in 2021 was 9.35% because the 'adjusted' calculation of 9.15% provided by NSPML

was wrong because the Board had specifically directed NSPML to exclude its HEAT Fund donation from regulated net earnings. Does Mr. Coyne agree that NSPML's ROE in 2021 was 9.35% on an equity thickness of 30.5%?

d) Mr. Coyne has excluded the recognition of \$3.1 million of holdback revenue in 2023 that related to 2022 to show the true ROE of that year but has not added back that revenue to the calculation in 2022 of the ROE for 2022 shown in Figure 27. Does Mr. Coyne agree that for an accurate representation of average return, the \$3.1 million needs to either be included in the calculation of 2023 ROE or 2022 ROE since it was revenue received by NSPML?

e) Based on the above noted errors in 2021 and 2022, and adjusted to cap the equity thickness at the authorized 30%, Board staff submits that Figure 27 would be as follows: (Appendix A attached from Board staff with formulae intact):

Year	Authorized	Regulated	Reference			
2018	9%	8.80%	M10057, Exhibit N-1(i) p.6			
2019	9%	8.69%	M10057, Exhibit N-1(ii) p.6			
2020	9%	8.40%	M10057, Exhibit N-1(iii) p.6			
2021	9%	9.50%	M10528, Exhibit N-1(ii), p.6 (excluding donation)			
2022	9%	7.77%	M11072, Exhibit N-1(i), p.6 (adjusted for the holdback)			
2023	9%	8.85%	M11628, Exhibit N-4, p.6			
2024	9%	9.52%	M12182, Exhibit N-4, p.6			
		8.79%				

Does Mr. Coyne agree that, with these adjustments considered, NSPML's average ROE is within the approved earnings band?

Request IR-44:

Page 57 states: "Some may argue that the debt used to finance the Maritime Link project cost of \$1.7 billion issued by the Maritime Link Financing Trust and guaranteed by the government of Canada lowers NSPML's risk. However, the debt guarantee does not protect equity investors. Any disallowances are 100% assigned to equity, and given the relatively thin equity ratio, these risks are disproportionately larger than would be the case with a typical capital structure."

a) Does Mr. Coyne agree that any disallowances approved by the Board would only be a result of imprudence by NSPML? Please explain.

b) Does Mr. Coyne agree that disallowances ordered by the Board to NS Power are 100% assigned to shareholders? Please explain.