2025 **M12394**

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***

IN THE MATTER OF: **An Application by NSP Maritime Link Incorporated for approval of its 2026 revenue requirement and cost assessment**

INFORMATION REQUESTS

To: NSP Maritime Link Incorporated ("NSPML")

From: The Industrial Group

Responses Due: September 9, 2025

Contact Person
Nancy G. Rubin, K.C.
Brianne Rudderham
Stewart McKelvey
Suite 600-1741 Lower Water Street
P.O. Box 997
Halifax NS B3J 2X2
Telephone: (902) 420-3200 / Fax (902) 420-1417

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

Request IR-1:

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?

Request IR-2:

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.

Request IR-3:

(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?

Request IR-4:

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.

Request IR-5:

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.”

Request IR-6:

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?

Request IR-7:

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.

Request IR-8:

Reference: Page 14, Footnote 12.

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

Request IR-9:

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.

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.

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?

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.

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?)

(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.

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.

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?

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.

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?

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).

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

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?

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.

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?

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.