Request IR-1:

Reference: N-3 page 36.

In reference to figure 7-1 in direct evidence N-3, page 36, please provide a schedule of total OM&G by nature for 2024 actual, 2025 forecast and 2026 and 2027 proposed for the entire Company (not by division or function) that reconciles to the total as outlined in figure 7-1.

Response IR-1:

NS Power has not prepared a schedule of total OM&G by nature or account. This detail can be found by totaling the sum of the operating and corporate group expenses by account from Appendix 07C – Operating Costs line by line.

Request IR-2:

Reference: General

Please explain assumptions used in forecasting labour costs for both union and non union employees. Provide a copy of the internal labour forecast study produced which forecasts labour in 2026 to 2027 forecast years, including assumption to forecast labour such as wage / salary increase, full time equivalent forecasting information, etc.

Response IR-2:

Please refer to NSEB IR-51. Please refer to Confidential Attachment 1 for information received from Mercer that summarizes its research that assisted in informing NS Power's expectations for future labour inflation costs.

2026-2027 GRA GT IR-002 Confidential Attachment 1 has been removed due to confidentiality.

Request IR-3:

Reference: N-3 page 35.

As noted on page 35, lines 20 to 21, Nova Scotia Power states "Multi-year forecasts of operating costs are inherently uncertain. Many factors can affect NS Power's operating costs from year to year..". Please explain what methods NS Power incorporates within their forecast methodology to minimize these uncertainties.

Response IR-3:

NS Power uses a number of methods to decrease the uncertainties associated with forecasting. These methods include:

- Bottom-up forecasting
- Multiple levels of review
- Labour Reconciliation- Capital/ Gen Outage schedule
- Ongoing variance assessment and continuous improvement

Please see below for further details on each of these items.

Bottom-up forecasting involves budgeting labour and other large accounts at a detailed level. For example, NS Power forecasts labour expense by determining the positions that will be required by department, the associated salary for each employee and the periods, by month, in which that employee will be required by the Company. This would be similar for accounts such as Contracts, Consulting, etc. in which there are often non-recurring charges that change from year to year. Ensuring the forecast operating expenses are tied to specific employees, vendors or initiatives improves the overall quality of the forecast and decreases the potential for significant variances.

Multiple levels of review is an inherent part of NS Power's process for preparing the GRA forecasts. Forecasts are prepared by the department leader, with assistance from the Finance team, and then reviewed by Directors and members of NS Power's executive leadership team. As part of this process, department leaders must justify the requirement for their operating budget. Required sensitivity analyses and alternative approaches to delivering the required level of service to customers is discussed and if determined to be required, adjustments are made to OM&G budgets at this time to provide customers with improved value.

Labour Reconciliation involves ensuring that the total labour forecast charged to the labour accounts between NS Power's operating, capital and fuel accounts are equal to the salaries of the total staffing complement that is expected during the test period. In addition, NS Power considers the generation outage schedule when building the Company's labour budget to ensure that plant labour is appropriately charged between capital and operating expense and temporary employees are appropriately timed in the forecast to correspond with the timing of increased capital investment and maintenance expense that is incurred during a plant shutdown.

Variance Assessment and Continuous Improvement is an ongoing process at NS Power. The Company assesses variances to Company's budget and reforecast (if applicable) at a departmental level on a monthly basis. As part of this process, it is determined if the variance could have reasonably been determinable at the time of creating the forecast or not. In the case that the variance could have been determined while forecasting, the Company implements process improvements to allow for better accuracy of forecasting in the future. An example of a change to forecasting as a result of continuous improvement is the implementation of a vacancy adjustment in this GRA forecast as NS Power has observed a level of unplanned turnover that was not included in previous GRA budgets.

Despite NS Power's best efforts and efforts to minimize forecasting variance, multi-year forecasts of operating costs are inherently uncertain. NS Power and its required operating costs can be impacted by a number of unforeseeable events which include but are not limited to changes in legislation or regulations, high inflation rates, labour disruptions, supply chain challenges and extreme weather. While NS Power endeavours to provide the most accurate forecast possible, variances to the GRA forecast are expected. NS Power customers are protected from NS Power recovering costs through revenue that exceeds the Company's operating costs due to the Company's legislated cap on return on equity.

Request IR-4:

Reference: RB-02 - RB-16 Attachment 2

The Company's actuary estimate of pension costs was provided by letter dated February 14, 2025. Please provide the supporting documentation of the Company's actuary estimate of Benefit cost as of today for 2026, 2027, 2028, 2029 and 2030.

Response IR-4:

The Company's actuary estimate of pension costs in the letter dated February 14, 2025, provided as RB 02-16 Attachment 2, includes a 50-basis point sensitivity analysis. An update to the Company's actuary estimate of benefit cost as of today would focus on discount rate changes, as other assumptions are long-term and would not change mid-year. The Company's actuary estimates that there would be approximately a 10- to 20-basis point change in the discount rate from the time this letter was produced, which is within the 50-basis point sensitivity analysis provided in the letter dated February 14, 2025. Preparation of an updated actuarial estimate would result in a cost to the Company for an estimate which is within the sensitivity analysis range for the estimate that had previously been produced and filed.

Request IR-5:

Reference: N-6 Page 6

Please provide the supporting evidence for the inflation rate of 3.25% for labour and 2% for non-labour rates in 2026, and 3% for labour in 2027 and 2% for non-labour in 2027.

Response IR-5:

Please refer to NSEB IR-51 for an explanation for the methodology used to determine the forecast labour inflation rates for 2026 and 2027.

The non-labour inflation rates were sourced from the Conference Board of Canada's (CBOC) CPI forecast, consistent with NS Power's previous GRA. The CPI escalation figures were rounded to the nearest 0.1 percent. The CBOC forecast was issued in October 2024.

Request IR-6:

Reference: N-6 2026-2027 GRA Direct Evidence Appendix 7A page 36.

Please provide the basis/supporting documentation of calculation of Payroll Matching for defined contribution and defined benefit Plans (OM&G Labour expenses) and Supplementary Executive Retirement Plan (corporate adjustments).

Response IR-6:

The payroll matching for defined contribution and defined benefit plans is determined by taking the current service cost as determined by the Company's actuary and deducting the portion of cost that is allocated to corporate and operating groups through payroll. Please see the table below:

($ million)	**Line Item (FOR-01)**	**2026**	**2027**
Payroll Matching for DC and DB Plans	OM&G (Labour Expense)	16.2	16.5
Current Service Cost of DB Plan not included in labour	OM&G (Pension Expense)	5.5	7.6
Less: Supplementary Executive Retirement Plan	OM&G (Corporate Adjustments)	(0.0)	(0.0)
Current Service Pension Expense (RB 2-16 Attachment 2)		**21.7**	**24.1**

NS Power's expense for the Supplementary Executive Retirement Plan (SERP) is determined by the Company's actuary. A portion of NS Power's SERP expense is not recoverable from customers in accordance with a prior Board decision (M04972). Please see the table below for detail on SERP expense in the 2026-2027 test period forecast:

($ Thousands)	Total	Included in Revenue Requirement	Non-regulated Expense
Interest on Accrued Benefits	2,122	2,094	28
Expected Return on Assets	-	(2)	2
Straight Line Amortization of:			
- Past Service Costs	-	-	-
- Actuarial Losses / (Gains)	759	754	4
Settlements & Curtailments	-	-	-
Expense	**2,881**	**2,846**	**35**

Request IR-7:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 5-6 of 58

Per N-6, (Appendix 7C), page 5-6 of 58, we understand that 2026 forecast is higher than 2024 actual results for "General Counsel, Corporate Secretary, and Insurance" largely due to ongoing CRA litigation. Please provide a breakdown of the litigation costs included in this category.

Response IR-7:

NS Power has forecast [redacted] in operating expense in each of 2026 and 2027 related to the ongoing CRA litigation.

Request IR-8:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 5-6 of 58

Per N-6, (Appendix 7C), page 5-6 of 58, we understand that 2026 forecast is higher than 2024 actual results for "General Counsel, Corporate Secretary, and Insurance" due to the addition of a new corporate director. Please outline who this was, their annual compensation and their employment start date.

Response IR-8:

Included in the GRA forecast is the intention to hire a corporate director, however this has not taken place as of September 2025. The forecast annual compensation for this role is [redacted].

Request IR-9:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 5-6 of 58

Per N-6, (Appendix 7C), page 5-6 of 58, we understand that for "General Counsel, Corporate Secretary, and Insurance", insurance has fluctuated due to premiums increasing. Please provide a summary of the most recent insurance premiums indicating the year in which they apply.

Response IR-9:

Below is a summary of the recent insurance premiums:

Coverage	Policy Period for 2025 Actual	Currency	2025 Actual @ Aug 5, 2025
Marine Cargo	Jan 1, 2025 - Jan 1, 2026	USD	[redacted]
Marine Liability (Charterer's Liability + Terminal Ops)	Jan 1, 2025 – Jan 1, 2026	USD	[redacted]
Premium adjustment for Marine Charterer's Liability		USD	[redacted]
Premium adjustment for marine cargo		USD	[redacted]
Directors & Officers	Dec 31, 2024 - Dec 31, 2025	CAD	[redacted]
Fiduciary (extend to March 1, 2025)	Dec 31, 2024 - March 1, 2025	CAD	[redacted]
Fiduciary	March 1, 2025 - March 1, 2026	CAD	[redacted]
Crime	Dec 31, 2024 - Dec 31, 2025	CAD	[redacted]
Special Crime	Dec 31, 2024 - Dec 31, 2025	CAD	[redacted]
Non-Owned Aviation	Dec 1, 2024 - Dec 1, 2025	CAD	[redacted]

Coverage	Policy Period for 2025 Actual	Currency	2025 Actual @ Aug 5, 2025
UAV	Dec 1, 2024 - Dec 1, 2025	CAD	[redacted]
Brokerage Cost	Jan - Dec 2025, paid on Dec 2025	CAD	
Automobile	Dec 31, 2024 - Dec 31, 2025	CAD	
Automobile - adjustment for Dec 31, 2021 - Dec 31, 2022 policy	Dec 31, 2024 - Dec 31, 2025	CAD	
Non-Owned Automobile	Dec 31, 2024 - Dec 31, 2025	CAD	
Contractors Equipment	Dec 31, 2024 - Dec 31, 2025	CAD	
General Liability	June 1, 2025 - June 1, 2026	CAD	
Excess Liability USD	June 1, 2025 - June 1, 2026	USD	
Property (wind assets)	June 1, 2025 - June 1, 2026	CAD	
Property (incl. boiler and machinery)	Mar 1, 2025 - Mar 1, 2026	CAD	
Property - cyber coverage under property policy	Mar 1, 2025 - Mar 1, 2026	USD	
Premium Allocation by Marsh Actuary	March & June 2025	USD	
Property Appraisal	2024	CAD	
Liability Assessment / Consulting Fee	2025	CAD	
Cyber Liability policy	August 1, 2025- August 1, 2026	USD	
Subtotal USD			
Subtotal CAD			
Total CAD			

1

Request IR-10:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 5-6 of 58

Per N-6, (Appendix 7C), page 5-6 of 58, we understand that 2026 forecast is higher than 2025 budget for "General Counsel, Corporate Secretary, and Insurance" as labour increased due to staff complement changes and salary escalations. Please provide support to demonstrate the staff complement change and the reasoning for salary escalations.

Response IR-10:

The staff complement change in 2026 includes a promotion in the Legal team and the addition of a Senior Government Affairs Advisor. In addition, the 2025 budget included staff on parental leave in 2025, driving increased expense when they return in 2026. Please refer to NSEB IR-51 for the assumptions concerning salary escalations in the 2026-2027 GRA budget.

Request IR-11:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 9-10 of 58

Per N-6, (Appendix 7C), page 9-10 of 58, we understand that 2026 forecast is higher than 2024 compliance restated and 2024 actuals for "communications and public affairs" as labour increased due to staff complement change and salary escalations. Please provide support to demonstrate the staff complement change and support for salary escalations.

Response IR-11:

Please refer to NSEB IR-061 (a).

Request IR-12:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 9-10 of 58

Per N-6, (Appendix 7C), page 9-10 of 58, we understand that 2026 forecast is higher than 2024 compliance restated for "communications and public affairs" as consulting increased due to planned engagements for communications. Please provide support for such consulting fees and outlined what engagements are planned.

Response IR-12:

Please refer to NSEB IR-61 (b).

Request IR-13:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 9-10 of 58

Per N-6, (Appendix 7C), page 9-10 of 58, we understand that "advertising" is lower in 2024 actuals and 2024 compliance restated due to lower spending levels. Please provide specific reasons why spending was reduced.

Response IR-13:

Based on customer feedback, Nova Scotia Power paused some of its existing advertising and outreach efforts in 2024 while the Communications department worked with external consultants on a new strategy to reach customers with the information they were seeking. Public messaging and customer outreach, charged as Advertising expense, resumed later in 2024 under the new strategy. Reduced advertising expense in 2024 as compared to 2025-2027 budget was therefore primarily due to a greater focus on consulting engagements as part of the ongoing work to provide customers with the information that they want and to reach them as effectively as possible.

Request IR-14:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 11-12 of 58

Per N-6, (Appendix 7C), page 11-12 of 58, we understand that 2026 forecast is higher than 2024 compliance restated and 2024 actuals for "human resources" as labour increased due to increased staffing levels and salary escalations. Please provide support demonstrating the increased staff levels and the reason for salary escalations.

Response IR-14:

Total Labour increased from $3.8 million in the 2024 Compliance Restated to $5.2 million in 2024 Actual and $6.1 million in the 2026 Forecast. The labour expense increase is related to overall company headcount in the 2026 GRA forecast as compared to the 2024 Compliance forecast, requiring a larger Human Resource team to support the increased number of employees. Specifically, the Human Resource and Safety teams have grown by a total of 10 employees, with additional resources in the following areas:

- More Safety Specialists, as NS Power continues to focus on safety by reducing serious injury frequency and enhancing contractor safety management.

- Additional employees to support Diversity, Equity and Inclusion programs and Labour Relations.

- An increased number of Human Resource Business Partners to support talent acquisition and new employees.

Request IR-15:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 11-12 of 58

Per N-6, (Appendix 7C), page 11-12 of 58, we understand that 2026 forecast is higher than 2024 compliance restated and 2024 actuals for "human resources" as consulting increased due to planned engagements for Health and Wellness Safety. Please provide a breakdown of the planned engagements and associated costs.

Response IR-15:

Please refer to NSEB IR-62 (b).

Request IR-16:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 11-12 of 58

Per N-6, (Appendix 7C), page 11-12 of 58, we understand that 2026 forecast is higher than 2024 compliance restated and 2024 actuals for "human resources" as corporate support transfer is expected to increase due to increased utilization of Human resource services. Why is increased utilization expected?

Response IR-16:

Corporate Support Transfer increased from $2.3 million in the 2024 Compliance Restated to $2.5 million in 2024 Actual and $2.7 million in the 2026 Forecast. Talent Management is handled by NS Power's Parent company Emera and costs are allocated to NS Power in accordance with the Board-approved Affiliate Code of Conduct and Cost Allocation Manual. The centralization of these functions allows for cost savings, rather than using separate departments at each affiliate. The difference compared to 2024 Actual is primarily due to increased staffing levels at NS Power, driving an increase in the utilization of Talent Management services from Emera and cost allocation to NS Power.

Request IR-17:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 13-14 of 58

Per N-6, (Appendix 7C), page 13-14 of 58, we understand that 2026 forecast is lower than 2024 actuals for "facilities, procurement and security" due to consulting fees decreasing due to the completion of consulting engagements in 2024. Please explain the nature of the consulting engagements, the associated costs, and why they are not expected to continue going forward.

Response IR-17:

A team was created to find efficiencies and cost savings within the business during 2024. This team incurred consulting expense in the amount of $0.3 million to provide temporary staff, process improvement consultants, and legal services. NS Power has not forecast ongoing costs associated with this team as it is assumed that any ongoing expense will be fully offset by cost savings.

Request IR-18:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 13-14 of 58

Per N-6, (Appendix 7C), page 13-14 of 58, we understand that 2026 forecast is lower than 2024 compliance restated and 2024 actuals for "facilities, procurement and security" largely due to short term interest decrease due to discontinuing the allocation of carrying costs on materials inventory to the procurement cost center.

a) What is the rationale for the change in allocation?

b) Has NSPI received approval for this allocation change? If yes, please provide support. If not, then why?

Response IR-18:

(a) Previously, a journal entry for inventory carrying costs was recorded to allocate costs to the Procurement OM&G cost center, with a corresponding decrease to Corporate Adjustments, with no overall impact to total OM&G. Beginning in August 2024, NS Power determined that the allocation was no longer necessary. This change in process resulted in no overall impact to total OM&G.

(b) This change results in a reallocation of OM&G expense, with no overall impact to OM&G expense. There is no requirement for approval for this change in allocation methodology required from external parties.

Request IR-19:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 17-18 of 58

Per N-6, (Appendix 7C), page 17-18 of 58, we understand that labour has increased significantly over the period from 2024 compliance restated to 2026/2027 forecast for "information technology". We further understand that labour increased due to incremental staffing support operational initiatives, including cyber security, replacement of end of life legacy technology to modern technology, introduction of new customer services, introduction of new technology services across the business, and salary escalations. Please provide a breakdown of the labour costs expected for these initiatives as well as the related number of positions.

Response IR-19:

The labour costs and number of positions estimated for the above-listed initiatives are as follows:

	2026 ($ Million)	**2027 ($ Million)**	**Number of Positions**
Cyber Security	0.2	0.2	2
Modern Technology	0.2	0.3	6
New Customer Services	0.1	0.2	4
New Technology Services	0.4	0.4	3
Support Operational Initiatives	0.6	0.7	9
Salary Escalations	1.2	1.7	

Request IR-20:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 17-18 of 58

Per N-6, (Appendix 7C), page 17-18 of 58, we understand that consulting expense has increased in 2026 forecast compared to 2024 compliance restated for "information technology". We further understand that such an increase is due to support for the cyber security program, incremental expenses for continued improvements to Tableau and Power BI and inflation. Please provide a breakdown of these expenses and further details on the consultants scope of work. Specifically, are these one-time or ongoing permanent increase to this expense and what is the rationale for the expense?

Response IR-20:

The majority of the cyber security consultant expense is with NS Power's cyber security strategic partner, assisting NS Power with its cyber security strategy, roadmap, and annual workplan. This partner also plays a key role in the project management, execution, and delivery of several cyber security projects within the annual workplan. Prior to 2024, the workplan primarily included cyber security for the Information Technology (IT) environment. For 2024 onward, the workplan included execution and delivery of both IT and OT (Operational Technology), thus an increase in consultant costs for strategy, roadmap, workplan and IT/OT project execution / delivery to meet NS Power's integrated IT/OT cyber security workplan objectives.

The cyber security strategy, roadmap and workplans are updated annually. The cyber security projects work together over time to lower the cyber risk for both NS Power's IT and OT environments, implementing new or enhanced cyber security capabilities within each project. The consultants provided expertise in cyber security project management, various subject matter expert roles, and skills/knowledge to supplement internal NS Power resources or internal resource capacity.

The increased consulting expense is due to the addition of the delivery/execution of the enhanced Operational Technology (OT) Cyber Program in addition to continuing the Information Technology (IT) Cyber Program. This is an ongoing permanent increase to support managing cyber security risk within both IT and OT.

For the remainder of the consultant spend, this is made up of:

- Spend related to annual testing of incident response (IR) plans, including tabletop simulations and other IR employee skills training, and updating the cyber security IR protocol and playbooks. Our IR service provider and managed services for security operations was [redacted] at the time of the submittal. These were annual exercises and expenses, and the spend remained relatively consistent year over year.
- Spend related to annual penetration testing and other annual cyber security assessments which are normal and prudent practices. These services were mainly provided by [redacted], NS Power's incident response service provider, and the spend remained relatively consistent year over year.

The incremental consulting expenses for continued improvements to Tableau and Power BI are a result of leveraging consultants for various tools used by NS Power business operations. These costs are projected to continue annually as data analytics and business intelligence gained from these tools becomes more important to business operations going forward.

Request IR-21:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 17-18 of 58

Per N-6, (Appendix 7C), page 17-18 of 58, we understand that rental/maintenance equipment/ software expense has increased in 2026 forecast compared to 2024 compliance restated for "information technology". We further understand that such an increase is due to support for the cyber security program and inflation. Please elaborate on what the cyber security programming is, why this cost is increasing, and provide a breakdown of these costs

Response IR-21:

Rental and Maintenance costs associated with the cyber security program will continue to increase every year as new vendor tools and capabilities are added to further secure the IT environment. Capital investment from past years have implemented new security capabilities which have a cost to maintain as these tools and capabilities are operationalized.

A breakdown of rental and maintenance expense in the 2025 budget related to the cyber security program includes:

[redacted]

REDACTED

[redacted]

Request IR-22:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 19-20 of 58

Per N-6, (Appendix 7C), page 19-20 of 58, we understand that no expenses were included in "ECEI" in 2024 compliance restated. What is the reason for this?

Response IR-22:

At the time of the 2023-2024 GRA forecast, there were no anticipated operating costs associated with employees in the ECEI cost centre. All costs associated with these employees were expected to be capital in nature over the 2023-2024 period.

Request IR-23:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 15-16 of 58

Per N-6, (Appendix 7C), page 15-16 of 58, we understand that labour expense has increased in 2026 forecast compared to 2024 compliance restated and 2024 actuals for "regulatory affairs". We further understand that this increase is primarily due to salary escalations and position vacancies in 2024. Please provide support for such escalations and vacancies.

Response IR-23:

Total Labour increased from $1.8 million in the 2024 Compliance Restated to $1.9 million in 2024 Actual and $2.2 million in the 2026 Forecast. The staff vacancies in 2024 actual results were related to staffing turnover, meaning that positions that are part of the staffing complement were vacant for a period. These vacant positions drove labour savings in 2024 that are not forecast to recur in 2026. NS Power has added a vacancy adjustment to the Corporate Adjustments cost centre to reflect reduced labour expense due to unplanned staffing turnover. Please refer to NSEB IR-55 for assumptions around salary escalations during the test period. Average salary escalation was forecast at 4 percent in 2025. As it relates to 2024 compliance restated budget, the variance is related to increased staffing levels and more senior employees as compared to the compliance period.

Request IR-24:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 15-16 of 58

Per N-6, (Appendix 7C), page 15-16 of 58, we understand that consulting expense has increased in 2026 forecast compared to 2024 compliance restated for "regulatory affairs". We further understand that this increase is due to a greater volume and scope of regulatory engagements forecasts. Please provide a breakdown of the engagements and associated costs.

Response IR-24:

Consulting increased from $2.9 million in the 2024 Compliance Restated to $4.8 in 2024 Actual and decreases to $4.5 million in the 2026 Forecast. These costs relate to NS Power, the Consumer Advocate, the Small Business Advocate, and Board counsel expenses. NS Power has seen a significant increase in the consulting expense associated with the volume and scope of regulatory proceedings from what was expected at the time of the 2023-2024 GRA forecast. NS Power expects to see a similar level of consulting expense requirement in the test years as was incurred in 2024. In addition, NS Power is increasingly being relied upon to carry out specialized tariff and rate work and modelling for specific customers or industries. It is anticipated that such work will continue throughout the test period. Please refer to NSEB IR-63.

Request IR-25:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 21-22 of 58

Per N-6, (Appendix 7C), page 21-22 of 58, we understand that contracts expense has decreased in 2026 forecast compared to 2024 compliance restated, 2024 actuals, and 2025 budget for "head office". We further understand that this decrease is due to reduced OM&G ash hauling requirements due to NS Power's proposal to transfer these costs to Fuel and Purchased Power expense in this GRA. Please provide a breakdown of these costs.

Response IR-25:

Ash Hauling contracts transferred to Fuel and Purchased Power expense in this GRA are as follows:

Head Office	**2026**	**2027**
Contracts - Ash Haulage	1,255,128	1,279,728

There are ash hauling contracts for each of the thermal plants that include transportation, as well as maintenance of the ash managements sites.

Request IR-26:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 23-24 of 58

Per N-6, (Appendix 7C), page 23-24 of 58, we understand that there has been increases in expenses (such as labour and contract expense) from 2024 compliance restated to 2026 forecast for "thermal plants" due to change in Trenton Unit 5 and Lingan Unit 2 retirement assumptions and increased running hours.

(a) Why did the retirement assumptions change?

(b) Please provide further details regarding these cost increases. I.e. are these permanent or one-time cost increases.

Response IR-26:

(a) The retirement assumption for Lingan 2 changed in Q2 2024 following the completion of the 2024 Load Forecast (which had an increase of 108 MW in the forecast firm peak for 2024) and concurrent with the development of the 2024 10-Year System Outlook. The resource and capacity assessment developed for the 2024 10-Year System Outlook identified that due to the change in the load forecast it was necessary to extend the use of Lingan 2 until replacement firm capacity procured by IESO-NS came online. An updated retirement date of 2027 for Lingan 2 was provided in the 2024 10-Year System Outlook, which was submitted to the Board on June 27, 2024.[1] The change in the forecast retirement date for Trenton 5 to 2027 was a finding of the 2023 Evergreen IRP. It was first reflected in the 2023 10-Year System Outlook[2], and is shown in subsequent reports. The decommissioning timeline for Trenton 5 was further updated in the 2024 Decarbonization

[1] M11764, 2024 10-Year System Outlook Report, Exhibit N-1, p.19 of 67
[2] M11221, 2023 10-Year System Outlook Report, Exhibit N-1, p.20 of 67

Deferral Account (DDA) - 2024 Annual Report[3]. The update in the 2024 DDA report reflects the need to maintain units available until reliable operation of replacement generation has been established and that decommissioning activities are not expected to begin until after 2029.

(b) The change in forecast costs reflect the change in mission of Trenton Unit 5 and Lingan Unit 2. Operating costs will be required while the units remain available for dispatch which is forecast until at least 2027 for Lingan Unit 2 and 2029 for Trenton Unit 5. To maintain the safe operation of these units there are sustaining capital requirements aligned with their projected retirement dates. These forecasts are consistently updated annually during the 10-Year System Outlook proceeding.

[3] M12303, Decarbonization Deferral Account (DDA) - 2024 Annual Report, Exhibit N-1, p.6 of 9

Request IR-27:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 23-24 of 58

Per N-6, (Appendix 7C), page 23-24 of 58, we understand that rental and maintenance of equipment expenses have increased from 2024 compliance restated to 2026 forecast for thermal plants due to changes in operating requirements. Please provide additional explanations of, and associated costs for, these changes in operating requirements.

Response IR-27:

NS Power's 2023-2024 GRA budget was prepared in 2021. At the time of that forecast, the Company assumed an inflationary rate of 2.7 percent in 2022, 1.9 percent in 2023 and 2.0 percent for 2024 when forecasting test period operating expenses. The actual inflationary rate significantly exceeded that forecast. Per the Bank of Canada inflation calculator, the increase in inflation over the 2021 to 2024 period was 4.6 percent on an annual basis. In some cases, materials and contract expenses required for NS Power's operations have significantly exceeded the inflationary rate.

Power Production has begun transitioning from owned to rental coveralls in the thermal plants. The rental agreement includes laundering and repair services. This change improved the quality and maintenance of personal protective equipment for the safety of employees. The coverall contract resulted in an increase in Rental expenses of approximately $0.3 million which was partially offset by a decrease in Personal Equipment.

Request IR-28:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 25-26 of 58.

Per N-6, (Appendix 7C), page 25-26 of 58, we understand that labour expense has increased from 2024 compliance restated to 2026 forecast for "Tufts Cove and combustion turbines". We further understand that this increase is due to increased headcount in engineering, operations and maintenance due to increased running hours, increased shutdown requirements, expanded capital program and salary escalation. Please provide additional explanations on the increased labour requirements for these matters.

Response IR-28:

Aligned with the 2025 10-Year System Outlook, the sustaining capital investment at Tufts Cove and the Combustion Turbines (CTs) requires additional engineers, project managers, and maintenance resources to support the expanded capital program.

As per the 10-Year System Outlook the unit utilization forecast for Tufts Cove shows continued high utilization of the facility resulting in more maintenance and less opportunity to reduce operational staffing.

In addition, a Planner and Gas Turbine Operator has been added to the CT team to meet increasing demand to run the units to incorporate a greater volume of intermittent renewable generation on the system.

Request IR-29:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 25-26 of 58

Per N-6, (Appendix 7C), page 25-26 of 58, we understand that materials, water and chemicals expenses have increased from 2024 compliance restated to 2026 forecast for "Tufts Cove and combustion turbines" due to increased pricing, increased running hours and usage. Please provide additional explanations on why these costs are required.

Response IR-29:

NS Power's 2023-2024 GRA budget was prepared in 2021. At the time of that forecast, the Company assumed an inflationary rate of 2.7 percent in 2022, 1.9 percent in 2023 and 2.0 percent for 2024 when forecasting test period operating expenses. The actual inflationary rate significantly exceeded that forecast. Per the Bank of Canada inflation calculator, the increase in inflation over the 2021 to 2024 period was 4.6 percent on an annual basis. In some cases, materials and contract expenses required for NS Power's operations have significantly exceeded the inflationary rate.

Tufts Cove Unit 2 and Unit 3 can burn natural gas or heavy fuel oil (HFO) depending on fuel cost or other considerations, such as emission requirements. Due to natural gas price volatility, Tufts Cove has burned more HFO, which increases water for atomizing steam.

The Combustion Turbines are flexible units and there is increasing demand to run these units to incorporate a greater volume of intermittent renewable generation on the system. The LM6000 combustion turbines at Tufts Cove utilize water for NOx reduction and Sprint for engine efficiency during warmer temperatures. In addition, water costs in HRM have significantly exceeded the assumed inflationary rates noted above.

The Tufts Cove Unit 4 and 5 Air House project was completed to reduce noise and improve air quality for the engine, thereby extending the asset life. There is increased materials cost for the filters for the air house.

Request IR-30:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 27-28 of 58

Per N-6, (Appendix 7C), page 27-28 of 58, we understand that a wind generation acquisition forecast in 2024 GRA Compliance forecast did not occur which impacts costs incurred in "Wind, Hydro, and Solar energy".

(a) Please explain why the wind farm acquisition did not occur.

(b) We understand that costs pertaining to the windfarm acquisition were included in 2024 compliance restated (including contract, leasing, and other goods and services). Please provide a summary of these costs pertaining to the proposed acquisition.

Response IR-30:

(a) The 2024 Compliance restatement includes costs related to a proposed wind farm acquisition and the development of a wind farm under NS Power's East Coast Energy Initiative (ECEI). The wind farm acquisition was not pursued, as revised evaluation model assumptions during the due diligence process indicated that proceeding would not be in the best interest of customers.

(b) Please refer to table below for costs pertaining to both the proposed acquisition and construction:

	2024 Compliance ($)
Proposed Acquisition	
Contracts	1,260,178
Property Tax	207,095

	2024 Compliance ($)
Land Lease	148,300
Insurance	84,969
Total	**1,700,541**
Proposed Wind farm to be constructed under NS Power's ECEI	
Other Goods and Services	3,400,000

Request IR-31:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 33-34 of 58

Per N-6, (Appendix 7C), page 33-34 of 58, we understand that labour expenses have increased from 2024 compliance restated to 2026 forecast for "Enterprise asset management & project implementation" due to additional engineering and asset management personnel to support risk mitigation expansion of the EIT program for succession planning and salary escalation. Please provide further details on why the additional personnel is required as well as the associated costs.

Response IR-31:

Please refer to Appendix 7A – Operating Costs by Group Section 1.4 Pg 11-12 for additional details and cost information on the changes in operational requirements.

Request IR-32:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 33-34 of 58

Per N-6, (Appendix 7C), page 33-34 of 58, we understand that contracts expense has increased from 2024 compliance restated to 2026 forecast for "Enterprise asset management & project implementation" due to change in operational requirements and inflation. Please provide additional details and cost information on the changes in operational requirements.

Response IR-32:

Please refer to Appendix 07A – Operating Costs by Group Section 1.4 Pg 11-12 for additional details and costs information on the changes in operational requirements. The increase of approximately $200,000 in contracts is primarily due to inflation associated with Predictive Maintenance Programs. These programs support the reliable operation of assets using enhanced condition monitoring such as metallurgical, vibration and oil analysis or online monitoring using advanced analytics. Leveraging these tools allows the Company to manage asset risks and increase asset lives, resulting in deferred capital investment for customers. The scope has increased on the High Energy Piping Program due to the advancing life cycle of power plant steam piping. Continuing with this program supports the flexible operation of the legacy thermal fleet.

Request IR-33:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 33-34 of 58

Per N-6, (Appendix 7C), page 33-34 of 58, we understand that consulting expense has decreased from 2024 compliance restated to 2026 forecast for "Enterprise asset management & project implementation" due to transfer of dam safety review requirements to Hydro department. Please provide background on why this transfer occurred.

Response IR-33:

Dam Safety Reviews were transferred to the Dam Safety Team in Hydro, Wind & Solar to facilitate increased business alignment. The Dam Safety team plays a significant role in the preparation, review and recommendations for Dam Safety Reviews and therefore, managing these reviews was transferred to this team.

Request IR-34:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 37-38 of 58

Per N-6, (Appendix 7C), page 37-38 of 58, we understand that labour expense and contract expense has increased from 2024 compliance restated to 2026 forecast for "regional operations" due to customer growth, increased customer requested work, reliability investment and salary escalation.

(a) Please provide additional details on the increased labour costs including the number of positions required in 2024 compliance and 2026 forecast.

(b) Please provide additional details on the increased contract costs required from 2024 compliance to 2026 forecast.

(c) How did NSPI determine that additional labour costs were required for regional operations? (i.e. forecasting methodology).

Response IR-34:

(a) Increased labour costs in Regional Operations in the 2026 forecast compared to the 2024 compliance are primarily due to additional resources required to complete customer requested work. The population growth in Nova Scotia has exceeded recent historical rates with 1-year average growth rates averaging 2.2 percent in 2021-2024 as compared to 0.5 percent in the preceding decade of 2011-2020[1]. This population growth has contributed to increased customer-requested work, which has increased by over 40 percent over the 2021-2024 period. There were 27,000 wiring permits, 44,000 electrical inspections, 4,400 renovations, and 8,400 new customer connection requests in 2024 alone. Also, additional

[1] Statistics Canada, Population Estimates, Quarterly, Table: 17-10-0009-01, https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1710000901&cubeTimeFrame.startMonth=10&am…

resources are required for execution of the $1.3B Five-Year Reliability Plan and additional substations construction due to load growth.

The 2024 compliance included the following resources compared to 2026 forecast:

Resource	2024 Compliance	2026 Forecast
PLTs	173	210
PLT Apprentices	28	65
Substation Technicians	54	54
Substation Tech Apprentices	12	22
Field Supervisors	21	34

(b) Increased contractor costs in the 2026 forecast compared to 2024 compliance are due to similar reasons as outlined in part (a). In order to successfully execute all of the additional work two new PLT Contractor companies are being utilized; K-Line Construction and Locke's Electrical. Both companies have now been certified by the Nova Scotia Department of Labour, Skills and Immigration to conduct live-line electrical work. The growth in work has also resulted in the need for additional Traffic Control contractors, Backhoe and Crane contractors, and Hydrovac and Rock Breaking contractors.

(c) These additional labour costs were determined through a review of all field work that Regional Operations performed from 2020-2024. The population growth and electrification have led to a 40% increase in customer-requested work, and the Five-Year Reliability Plan has resulted in a $400M increase in transmission and distribution investment over the five-year period ($900M compared to $1.3B), which is an $80M per year increase.

The forecast methodology for labour is to apply annual labour cost, including fringe to the number of resources required with an allocation, based on historical actuals adjusted for growth, to operating expenses, capital projects, and storm, as applicable to the role.

Request IR-35:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 37-38 of 58

Per N-6, (Appendix 7C), page 37-38 of 58, we understand that other goods & services expense has increased from 2024 compliance restated to 2026 forecast for "regional operations" due to operating and maintenance costs associated with grid scale batteries. Please explain why these costs are required as well as a breakdown of such costs

Response IR-35:

NS Power is in the process of installing three grid-scale batteries that are expected to go into service in 2025 and 2026. The forecast required operating costs to maintain these assets are set out in the table below.

	2026	2027
Long Term Service Agreement	$734,763	$912,120
Site costs, including 1 full time employee and maintenance expenses	$185,820	$235,286
Service Fee paid to partner	$50,000	$100,000
Total Grid Scale Battery OM&G	**$970,583**	**$1,247,406**

Request IR-36:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 39-40 of 58

Per N-6, (Appendix 7C), page 39-40 of 58, we understand that labour expense has increased from 2024 compliance restated to 2026 forecast for "control center" due to additional employees for operational requirements. Please provide additional details on the additional employees required and the associated costs.

Response IR-36:

The additional labour expense in the Control Centre for 2026 is due to additional resources that are required to facilitate the significant increase in Independent Power Producer (IPP) interconnection requests, as well as the resources that were needed as an outcome of the FAM Audit Dispatch Study. These resources are required in the Nova Scotia Power System Operator (NSPSO) immediately and may be transferred to the IESO-NS as part of the Phase 2 transition in 2027. Additionally, the function of Outage Dispatch was added to the Distribution Control Centre (DCC) and resources from the former Resource Management Centre (RMC) accepted these roles, resulting of a transfer of operating labour from the RMC to the Control Centre. Finally, labour for select resources who currently support capital projects under the Renewable and Decarbonization portfolio will be transitioning to operating labour from capital as these projects go into service and operational support models are established.

Request IR-37:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 39-40 of 58

Per N-6, (Appendix 7C), page 39-40 of 58, we understand that consulting expense has increased from 2024 compliance restated to 2026 forecast for "control center" due to increased consulting for engineering related to planning, operator training services and addition of consulting related to interconnection studies. Please provide additional details and cost breakdowns for these consulting engagements.

Response IR-37:

The additional consulting expense in the Control Centre for 2026 was included for additional resources that are required to facilitate the significant increase in Independent Power Producer (IPP) interconnection requests, large load interconnection requests, operating guideline updates, Open Access Transmission Tarriff (OATT) administration and development of tariffs impacting the Control Centre, and change management to assist with the planning for the transition of control centre operations to an independent system operator. These consulting services are required in the Nova Scotia Power System Operator (NSPSO) immediately and may be transferred to the IESO-NS as part of the Phase 1 transition in 2026 and Phase 2 transition in 2027.

Request IR-38:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 41-42 of 58

Per N-6, (Appendix 7C), page 41-42 of 58, we understand that labour expense has increased from 2024 compliance restated to 2026 forecast for "energy delivery services" due to increased staffing and salary escalations. Please provide support showing the increase in staff and provide support for the salary escalations.

Response IR-38:

The table below shows the increase in labour in Energy Delivery Services is primarily driven by Wiring Inspection within Total Meter and Planning Services team.

Energy Delivery Services	**2024 Compliance Restated**	**2026 GRA**	**2024 Compliance restated v 2026 GRA**
Meter and Planning Services	8,389,072	11,540,967	3,151,895
Energy Services	1,365,679	1,338,322	(27,357)
Workforce Scheduling	2,713,697	2,817,320	103,623
Continuous Improvement	316,182	-	316,182
Total Energy Delivery Services - Labour	**12,784,629**	**15,696,609**	**2,911,980**

Wiring Inspection Services increased $3.1 million, primarily due to significantly increased demand for electrical inspections performed on behalf of the provincial Department of Labour, Skills and Immigration because of increased residential and commercial building construction, electrical renovation and upgrade activities on customers' properties. NS Power completed 44,000 electrical inspections in 2024 alone. In order to facilitate this significant increase in electrical inspections, additional Wiring Inspectors were recruited. An increase in employees from 43 in the restated 2024 GRA Compliance forecast to 53 positions in 2024 actuals was required. This has also resulted in increased fleet fuel, materials and personal protection equipment expenses associated with the additional employees. This team is responsible for completing all electrical inspections across the province.

The work completed by this team generates revenue reflected in the "Other Revenue" line item in NS Power's revenue requirement calculation.

Please refer to NSEB IR-51 for discussion of salary escalation.

Request IR-39:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 41-42 of 58

Per N-6, (Appendix 7C), page 41-42 of 58, we understand that travel expense has increased from 2024 compliance restated to 2026 forecast for "energy delivery services" due to changes in operational requirements. Please outline what operational requirements require the increased travel.

Response IR-39:

Operational requirements driving increased travel are related to increased volumes of customer-requested and reliability work. The timeline and location of customer-requested work is dictated by the customer. Although the location of reliability work can be known in advance with timelines that are somewhat flexible, the ability to schedule resources to execute this work may require in-province travel, while maintaining the appropriate level of resources in other parts of the province to deliver on customer service levels.

Request IR-40:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 41-42 of 58

Per N-6, (Appendix 7C), page 41-42 of 58, we understand that internet communications expense has increased from 2024 compliance restated and 2024 actuals to 2026 forecast for "energy delivery services" due to rollout of satellite internet across the province. Please provide additional details on the rationale and associated estimated costs expected due to the rollout of satellite internet.

Response IR-40:

Total forecast satellite internet costs included in the Energy Delivery Services OM&G forecast in the 2026 and 2027 forecast periods are set out in the table below.

Energy Delivery Services	**2026**	**2027**
Internet Communications: Satellite Internet costs	$265,220	$402,453

Satellite internet is required by NS Power due to inconsistent cellular coverage across the province. Safe and effective dispatch of work requires real-time updates to work orders and field resource schedules. To provide real-time data transfer to resources in the field, satellite internet connectivity is required in the trucks of regional planners, wiring inspectors and other Energy Delivery personnel.

Request IR-41:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 43-44 of 58

Per N-6, (Appendix 7C), page 43-44 of 58, we understand that labour expense has increased from 2024 compliance restated to 2026 forecast for "reliability implementation" due to the creation of the reliability implementation department since the filing of the 2023-2024 GRA, which resulted in the centralization of resources focused on improving system reliability. Further, it was noted that all teams within were expanded, with the most significant impact on operating expense due to additional staff on the Standards & Community Engagement team for proactive engagement with customers required to improve customer consultation, centralized reliability planning and execution of NS Power's Five-Year reliability Plan.

(a) Please provide additional details on creation of the reliability implementation department, including roles and salaries.

(b) Please provide additional details on the nature of the additional staff on the Standards & Community Engagement team, including roles and salaries.

Response IR-41:

(a) The role of the reliability team is to develop, support, plan and execute on the Company's Reliability Improvement Plan, including the Five-Year Reliability Plan that was filed with 2025 ACE. The Reliability Team is led by the Director of Reliability and has team members based across Nova Scotia. The team comprises the following functions:

- Vegetation Management (15 employees)
- Customer Engagement (5 employees)
- Line Inspection Services (19 employees)
- Reliability Engineering (Project Management) (9 employees)

- Distribution Engineering Standards (7 employees)
- Performance Standards Management (4 employees)

Total 2024 annual Salaries including fringe for these roles is $5.6 million. Many of these roles support both the operational and capital portfolios and this labour is appropriately forecast between capital investment and operating expenses in the 2026-2027 GRA forecasts.

(b) The Distribution Engineering Standards and Community Engagement teams have added the following roles:

- Grounding Engineer
- Materials and Equipment Specialist
- Standards Engineer
- Manager, Reliability Engagement
- Reliability Advisors (4)

Total 2024 annual Salaries including fringe for these roles is $0.9 million. Similar to above, some of these roles support both the operational and capital portfolios and this labour is appropriately forecast between capital investment and operating expenses in the 2026-2027 GRA forecasts.

Request IR-42:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 43-44 of 58

Per N-6, (Appendix 7C), page 43-44 of 58, we understand that consulting expense and membership dues expense has increased from 2024 compliance restated to 2026 forecast for "reliability implementation" due to increased requirements and reallocation from contracts for the standards and community engagement team. Please provide explanation of the increased requirements, as well as the associated costs.

Response IR-42:

Consulting and Membership dues expenses for Reliability Implementation's Standards and Community engagement team are as follows:

	2026 ($)	**2027 ($)**
Consulting	367,200	374,544
Membership Dues	179,647	183,240

These costs include consulting for distribution standards engineering services and membership fees the National Electric Energy Testing, Research and Applications Centre (NEETRAC) and Canadian Standards Association. These fees are required for the ongoing development of updated distribution line standards.

Request IR-43:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 45-46 of 58

Per N-6, (Appendix 7C), page 45-46 of 58, we understand that labour expense has increased from 2024 compliance restated and 2024 actual to 2026 forecast for "transmission and distribution contractor management" due to increased staffing, labour vacancies, increased utility services demand, increased garage mechanic and fleet coordination staffing, reorganization of Meter Shop from Energy Delivery Services in 2024 and salary escalations. Please provide additional explanations including the associated cost breakdown for each of the above noted factors contribution to the increase.

Response IR-43:

Labour expense included in Transmission and Distribution contractor management by Department are as follows:

T&D Contractor Management Labour Expense ($ thousand)	2024 Compliance Restated	2024 Actual	2026 Forecast	2026 Forecast vs 2024 Compliance Restated	2026 Forecast vs 2024 Actual	Factor Driving Variance
System Planning and Grid Integration	2,268.0	2,911.7	1,799.4	(468.6)	(1,112.3)	Transfer to NSIESO
Fleet	1,892.9	2,120.7	2,854.5	961.6	733.7	Increased garage mechanic and fleet coordination staffing
Utility Services	1,145.2	1670.2	1,908.5	763.3	238.3	Increased utility services demand
Capital Management and Engineering Services	725.2	920.1	1,305.5	580.3	385.4	Increased staffing and labour

T&D Contractor Management Labour Expense ($ thousand)	2024 Compliance Restated	2024 Actual	2026 Forecast	2026 Forecast vs 2024 Compliance Restated	2026 Forecast vs 2024 Actual	Factor Driving Variance
						vacancies filled
Protective Equipment Testing Centre	369.6	734.2	1,339.8	970.2	605.6	Reorganization of Meter Shop from Energy Delivery Services in 2024
Total	6,400.8	8,357.0	9,207.6	2,806.8	850.6	

The increase in staffing for this team was to support the two additional line contractors that were certified by the Department of Labour, Skills and Immigration: K-Line Construction and Locke's Electrical, as well as the increase in resources that Connect Atlantic Utility Services brought in to assist with the 40 percent increase in customer work and the execution of the Five-Year Reliability Plan.

Also, all of the additional PLTs, Planners and Wiring Inspectors that were hired required new vehicles and with the supply chain delays in getting vehicles, more maintenance is being performed on older vehicles.

Please refer to NSEB IR-51 for discussion of salary escalation.

Request IR-44:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 45-46 of 58

Per N-6, (Appendix 7C), page 45-46 of 58, we understand that contracts expense has increased from 2024 compliance restated and 2025 budget to 2026 forecast for "transmission and distribution contractor management" due to increased maintenance on larger fleet and aging fleet vehicles, increased utility services costs, and inflation. Please provide a breakdown of these increased costs, including documentation to support the increased maintenance and increased utility services costs.

Response IR-44:

Contract expense included in Transmission and Distribution contractor management by Department is as follows:

T&D Contractor Management Contract Expense ($ thousands)		**2024 Compliance Restated**	**2025 Budget**	**2026 Forecast**		**2026 Forecast vs 2024 Compliance**	**2026 Forecast vs 2025 Budget**
Fleet		4,784.9	[redacted]	8,037.2		3,252.3	1,708.7
Utility Services		803.7	[redacted]	5,777.4		4,973.7	113.3
System Planning and Grid Integration		30.0	[redacted]	27.4		(2.5)	0.5
Capital Management and Engineering Services		72.9	[redacted]	-		(72.9)	-
Protective Equipment Testing Centre		9.3	[redacted]	-		(9.3)	-
Total		5,700.8	[redacted]	13,842.0		8,141.2	1,822.5

The increased costs for the Fleet department in the table above are a direct result of the significant hiring of PLTs, Planners and Wiring Inspectors due to the increased customer work and reliability investment over the last few years and significant volumes still being completed in 2025 and forecast for the test years. Due to the delays with vehicle delivery times due to supply chain challenges, more maintenance has been required on older vehicles to keep them on the road longer, so that the new field resources can use these vehicles until the new vehicles arrive.

Increased Utility Services costs are due to more work being performed by NS Power field resources on Bell and other third-party assets on NS Power's poles. All of this work is recovered through other revenue.

Request IR-45:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 47-48 of 58.

Per N-6, (Appendix 7C), page 47-48 of 58, we understand that contracts, consulting, meals and entertainment, labour, and miscellaneous revenue have fluctuated in each of the comparative years for "storm costs". We understand these fluctuations are because the 2026 GRA forecast is based on normalized 5 year (2020-2024) average actual storm costs. Please provide the normalized calculation to arrive at each cost category.

Response IR-45:

Please refer to Attachment 1.

2026-2027 GRA GT IR-045 Attachment 1 has been filed electronically.

Request IR-46:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 49-50 of 58

Per N-6, (Appendix 7C), page 49-50 of 58, we understand that labour expense has increased from 2024 actual to 2026 forecast for "administration". Additionally, we understand that the increase was due to five additional employees hired to support continued growth in Energy Delivery and salary escalation. Please explain the rationale for the additional workers and rationale for salary escalations.

Response IR-46:

Per N-6 (Appendix 7C) Labour expense increased from 2024 Compliance Restated to 2026 forecast for “administration,” not 2024 actual.

The five additional employees included in Administration since 2024 Compliance Restated are:

- Senior Director, Energy Delivery
- Continuous Improvement Analyst
- Manager, Energy Delivery Capital Accounting
- 2 Business Analysts, Energy Delivery Capital Accounting

These additional five roles are required to provide the appropriate level of oversight and support for the additional Energy Delivery operational resources required to meet demand driven by population growth in Nova Scotia, execution of the $1.3 billion Five-Year Reliability Plan, additional substations construction due to load growth, and additional customer electrical renovation due to residential and commercial electrification.

Please refer to NSEB IR-51 for further detail on the assumptions used to determine salary escalations.

Request IR-47:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 49-50 of 58

Per N-6, (Appendix 7C), page 49-50 of 58, we understand that other goods and services expense has decreased from 2024 actual, 2025 budget, 2026 forecast, and 2027 forecast for "administration". We further understand that this decrease is primarily due to a $5 million reduction in 2026 per the GRA settlement agreement. Please provide support to show the $5 million reduction in the settlement agreement.

Response IR-47:

Please refer to NSEB IR-1, Attachment 1. The parties to the settlement agreement agreed to the operation and maintenance expense amounts included in the Draft GRA, subject to the reductions set out in the attached Appendix B of the settlement agreement. NS Power allocated the $9 million OM&G reduction in each of 2026 and 2027 to the following areas:

- Energy Delivery- $5 million
- Customer Experience and Innovation- $2 million
- Corporate- $2 million

Request IR-48:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 51-52 of 58

Per N-6, (Appendix 7C), page 51-52 of 58, we understand that labour expense has increased from 2024 compliance restated, 2024 actual, and 2025 budget compared to 2026 forecast for "customer service". We further understand that this increase relates to additional resources required to support customer growth and in customer requested work, and salary escalation. Please provide support to demonstrate customer growth. Additionally, please provide rationale for salary escalation.

Response IR-48:

The number of new customers per year has increased since 2020, as shown in the following table:

Year	New Residential Customers	New Commercial Customers
2010	3,486	186
2011	3,555	134
2012	3,982	171
2013	3,099	233
2014	2,825	158
2015	2,664	133
2016	3,860	219
2017	3,969	264
2018	4,239	279
2019	3,605	206
2020	5,334	185
2021	6,579	314
2022	4,993	152

Year	New Residential Customers	New Commercial Customers
2023	7,354	367
2024	8,188	332
Average 2010-2019	3,528	198
Average 2020-2025	6,490	270
Increase (percent)	84	36

Please refer to NSEB IR-51 for further detail on the assumptions used to forecast salary escalations.

Request IR-49:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 51-52 of 58

Per N-6, (Appendix 7C), page 51-52 of 58, we understand that other goods and services has decreased from 2024 compliance restated, 2024 actual, and 2025 budget compared to 2026 forecast for "customer service". We further understand that this decrease is due to a $2 million reduction in 2026 per the GRA settlement. Please elaborate on what was reached in the settlement that resulted in the $2 million reduction, as well as any relevant supporting documentation.

Response IR-49:

Please refer to GT IR-47. NS Power allocated the $9 million reduction in OM&G as set out in the settlement agreement with customer representatives. Work is ongoing to find efficiencies and cost savings to support this reduction in NS Power's test period revenue requirement.

Request IR-50:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 51-52 of 58

Per N-6, (Appendix 7C), page 51-52 of 58, we understand that write-offs have decreased from 2024 compliance restated and 2024 actual to 2026 forecast for "customer service". We further understand that write-offs are part of bad debt expense and changes are driven by historical activity and forecast revenue. Please provide supporting calculations for these changes.

Response IR-50:

NS Power calculates total net bad debt, which is comprised of write-offs, commissions and recoveries.

The 2024 Compliance budget net bad debt expense was calculated by taking 0.32 percent of a subset of customer sales, amounting to 95 percent of total electric revenue and then further reducing by 10 percent to account for expected reduction related to AMI savings resulting in a net bad debt expense equal to 0.29 percent of sales:

	2024 Compliance
Revenue	1,680,651,235
NBD Percent	0.320
Net Bad Debt	5,378,084
10% AMI Reduction	(537,808)
Final Net Bad Debt	**4,840,276**
NBD as Percentage of Sales	0.288

The 2025 Budget assumed that net bad debt expense would be 0.275 percent of a subset of customer sales, which amounted to 96 percent of total electric revenue. The forecasts for 2026 and 2027 were calculated by escalating the 2025 Budget net bed debt expense by 2 percent from prior year forecast.

	2025 Budget
Revenue	1,841,083,271
NBD Percent	0.275
Net Bad Debt	**5,060,793**
	2026 Forecast
2% Escalated from 2025	5,162,009
	2027 Forecast
2% Escalated from 2026	5,265,249

NS Power has sought to engage customers through the Company's Customer Care Team. These increased interactions with customers have helped educate customers on energy usage and led to a significant reduction in customers being disconnected for non-payment in 2024 as they engaged with the Customer Care team to find solutions. NS Power expects this approach to continue to drive a benefit for customers and has forecast a reduction in net bad debt expense as a percentage of sales as a result, as can be seen by the reduction to 0.275 percent of sales in 2025 from 0.288 percent in the 2024 GRA compliance forecast.

Request IR-51:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 53-54 of 58

Per N-6, (Appendix 7C), page 53-54 of 58, we understand that labour has increased from 2024 compliance restated and 2024 actual to 2026 forecast for "grid modernization and customer integration". We further understand that this is due to additional resources in the Smart Meter Operations Center, primarily to support data analytics, customer experience for expansion of customer focused initiatives, increased requirements for Telecom and WAM support and salary escalations. Please explain how many additional resources were needed and the related salary. What expansion of customer focused initiatives occurred in the period?

Response IR-51:

Please refer to NSEB IR-69 for a description of the expansion of customer focused initiatives.

Please refer to page 27 of Exhibit N-6 Appendix 7A for the additional resources for Customer Experience and Data Analytics support.

There is one additional resource identified for Telecom support and one additional resource identified for WAM support.

Annual salary for these roles ranges between [redacted], depending on the qualifications, skills, and experience required for the role.

Request IR-52:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 53-54 of 58

Per N-6, (Appendix 7C), page 53-54 of 58, we understand that contracts have increased from 2024 compliance restated and 2024 actual to 2026 forecast for "grid modernization and customer integration". We further understand that the increase from 2024 compliance restated was due to increased requirements for the customer experience, SMOC, Telecom, and customer engineering and innovation teams. Please provide supporting cost breakdowns for the drivers of the increase noted in the above.

Response IR-52:

Workgroup	**2024 Compliance**	**2024 Actuals**	**2026 GRA**	**Driver of increase**
Customer Experience	$91,000	$298,000	$607,000	Increase in third-party fees for Customer Satisfaction Survey & Metrics Contract for Customer First program training and content development
Operating Systems & Quality Control	$80,000	$20,000	$ -	Reduction of Maintenance & Support fees for retired grid management application
SMOC		$218,000	$229,000	Maintenance & Support for AMI Mesh Node bases
Technical Services	$4,000	129,000	$155,000	Maintenance & Support for General Electric (GE) Pulsenet Network Management System for GE telecom devices
WAM		$ -	$6,000	New Maintenance & Support for fees for Geonexus GIS integration application
Customer Technical Solutions	$48,000	$40,000	$197,000	Third-party service provider for EV charger maintenance
Total	$223,000	$705,000	$1,194,000	

Request IR-53:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 57-58 of 58

Please explain the nature of the "corporate adjustments" cost category. What costs are included in this category?

Response IR-53:

As referenced on N-6 - 2026-2027 GRA Direct Evidence Appendix 7A Page 4 of 37, this group includes adjustments that are not always attributable to a specific business unit. These include such items as administrative overheads allocated to capital, payroll accruals, variable compensation and other one-time entries, such as write-offs or inventory obsolescence. In addition, NS Power has added a forecast labour vacancy adjustment and a $2 million reduction per the terms of the GRA settlement agreement to the 2026 and 2027 test year forecasts.

Request IR-54:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 57-58 of 58.

Per N-6, (Appendix 7C), page 57-58 of 58, we understand that labour has decreased from 2024 compliance restated, 2024 actual and 2025 budget to 2026 forecast for "corporate adjustments". We further understand that the decrease was due to an addition of a vacancy adjustment, payroll accrual timing, which was partially offset by better performance against corporate scorecard metrics in 2024 than what is expected in 2026. Please provide associated cost breakdowns for these amounts.

Response IR-54:

Total Labour increased from $6.0 million in the 2024 Compliance Restated to $11.7 million in 2024 Actual and decreased to $3.0 million in the 2026 Forecast. The vacancy adjustment is described in Appendix 7A Page 35 of 37, as an adjustment of $5.7 million, which reflects the assumption that all positions included in the 2026-2027 GRA budget will not be filled at all times. The vacancy adjusts for unplanned staffing turnover and is in addition to forecast staffing vacancies that are included in the operating and corporate group forecasts.

Payroll accrual is included in 2024 actuals and 2025 budget. In 2024 actuals, there was 12 days of payroll that was accrued into corporate adjustments as the last pay date for 2024 was two days later than year-end, in January 2025. This is not required for the 2026-2027 test period forecast as all operating and corporate groups forecast their labour on a full-year basis and do not make allowance for timing of payroll. This results in a favourable variance against 2024 actual results, in the amount of $0.8 million.

Performance against corporate scorecard metrics in 2024 was higher than what is forecast in 2026. This also results in a favourable variance in 2026 GRA Forecast as compared to 2024 Actual as opposed to partially offsetting the reduction due to the vacancy adjustment as NS Power stated in error in Appendix 7C Page 58 of 58. The forecast variable compensation figures for each year are shown on the line item 530650 Regular Labour Incentive.

Request IR-55:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 57-58 of 58

Per N-6, (Appendix 7C), page 57-58 of 58, we understand that other goods and services has decreased from 2024 compliance restated, 2024 actual and 2025 budget to 2026 forecast for "corporate adjustments". We further understand that the decrease was primarily due to a $2 million reduction per the GRA settlement agreement. Please elaborate on what was reached in the settlement that resulted in the $2 million reduction, as well as any relevant supporting documentation.

Response IR-55:

Please refer to GT IR-47 and GT IR-49.

Request IR-56:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 57-58 of 58.

Per N-6, (Appendix 7C), page 57-58 of 58, we understand that vehicle allocated costs has increased from 2024 compliance restated to 2026 forecast and decreased from 2024 actual and 2025 budget to 2026 forecast for "corporate adjustments". We further understand that the increase was due to increased capital investment in transmission and distribution assets. Additionally, we understand that the decrease was due to the profile of capital investment.

(a) Please provide a cost breakdown for the increased capital investment in transmission and distribution assets.

(b) Please provide additional explanation of the profile of capital investment that resulted in a decrease in vehicle costs from 2024 actual and 2025 budget to 2026 forecast.

Response IR-56:

(a) Please see the table below for the capital investment in transmission and distribution assets:

($ millions)	2024 Actual	2025 Budget	2026 GRA Forecast	2027 GRA Forecast
Distribution	174.9	179.5	190.1	195.9
Transmission	75.6	100.5	214.5	204.2
East Coast Energy Initiative (ECEI)	29.2	143.3	39.4	(3.3)
Total	**279.7**	**423.3**	**444.0**	**396.8**

ECEI assets are included in the Transmission functional class but the assets department structure is self-contained, and the investments do not incur administrative overhead (AO).

(b) The change is related to the allocation of AO from OM&G to capital. NS Power allocates AO costs to capital in accordance with Board-approved accounting policies 6230-Application of Administrative and Vehicle Overhead (Self-Constructed Assets) and 6235-Application of Administrative Overhead (Contracted Assets). This results in a decrease to OM&G expense and an increase to capital investment to better match the overhead required to execute the capital with the future periods in which they will provide benefits to customers. NS Power has forecast the AO amounts in the 2026-2027 GRA by applying the forecast AO rates to the eligible labour and contracts expense in each year. These calculations are completed by NS Power's capital management system, PowerPlan.

NS Power has forecast an increase in AO allocated to capital in the 2026 Forecast as compared to 2024 Actual in the amount of $1.4 million. This consists of an increase in labour and contract AO in the amount of $2.8 million and a decrease in vehicle AO in the amount of $1.4 million. In the creation of the forecast, NS Power allocates vehicle overhead costs, such as fuel, maintenance, insurance and licensing costs between forecast capital and operating activity. The forecast for vehicle overhead costs to be allocated to capital in 2026 is lower than the actual 2024 Vehicle AO which was calculated by applying the vehicle AO rate for 2024 to eligible capital labour in the PowerPlan system.

Request IR-57:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7C Page 57-58 of 58.

Per N-6, (Appendix 7C), page 57-58 of 58, we understand that admin overheads have increased from 2024 compliance restated and 2024 actuals to 2026 forecast, and decreased from 2025 budget to 2026 forecast for "corporate adjustments". The utility has indicated that both the increase and decrease was due to the profile of capital investment. Please elaborate on how the profile of capital investments resulted in these changes.

Response IR-57:

The change is related to the allocation of Administrative Overhead (AO) from OM&G to capital. NS Power allocates AO costs to capital in accordance with Board-approved accounting policies 6230- Application of Administrative and Vehicle Overhead (Self-Constructed Assets) and 6235- Application of Administrative Overhead (Contracted Assets). This results in a decrease to OM&G expense and an increase to capital investment to better match the overhead required to execute the capital with the future periods in which they will provide benefits to customers. NS Power has forecast the AO amounts in the 2026-2027 GRA by applying the forecast AO rates to the eligible labour and contracts expense in each year. These calculations are completed by NS Power's capital management system, PowerPlan.

NS Power has forecast an increase of $14.4 million in AO as compared to the 2024 Compliance Forecast, which results in lower operating costs included in revenue and increased capital investment. NS Power has forecast a further increase in AO and reduction to OM&G in the amount of $4.8 million in 2027 as compared to 2026. NS Power identifies the eligible overhead expenses and allocates these between capital and operating per the methodology outlined in Accounting Policies 6230 and 6235. The increase in AO is primarily due to customer and system growth, as well as increased investment to execute the Company's five-year reliability plan resulting in increased overhead costs allocated to capital.

Request IR-58:

Reference: N-6 - 2026-2027 GRA Direct Evidence Appendix 7D Page 1 of 1.

Per N-6, (Appendix 7D), page 1 of 1, we understand that pension expense has decreased from 2024 compliance restated to 2026 forecast, and increased from 2025 budget to 2026 forecast, and further increased from 2026 forecast to 2027 forecast. Please provide explanations, including cost breakdowns, for these fluctuations.

Response IR-58:

The pension expense decreased from 2024 compliance restated to 2026 forecast due to changes in the actuarial estimate of benefit costs.

The 2024 compliance restated pension expense was based upon an extrapolation of accounting valuation results as of December 31, 2020, including a discount rate of 2.59 percent per year for past service and 2.85 percent per year for future service. Please refer M10431 RB 02-16 Attachment 2.

The Company's actuarial estimate of benefit costs is based upon an extrapolation of accounting valuation results as of December 31, 2024, including a discount rate of 4.63 percent per year for past service and 4.70 percent per year for future service. Please refer RB 02-16 Attachment 2.

Request IR-59:

Reference: General

Please provide support and NSPI's analysis for FTEs for 2024 actual to 2027 forecast.

Response IR-59:

Please refer to NSEB IR-42.

Request IR-60:

Reference: FO-11

Please provide workbooks, calculations and other supporting documentation for each line item included in FO-11 (Details of interest and other expenses), including each of the below:

(a) **interest on long-term debt**
(b) **interest on short-term borrowings**
(c) **other financing changes & adjustments**
(d) **amortization of deferred financing charges**
(e) **non-current service pension income**

Response IR-60:

(a-d) Please see Attachment 1.

(e) Please refer to RB 02-16 Attachment 2.

2026-2027 GRA GT IR-060 Attachment 1 has been filed electronically.

Request IR-61:

Reference: N-3 page 74.

In reference to figure 11-1 in direct evidence N-3, page 74, please explain assumptions used in forecasting interest charges under "interest and other expenses" including explanations for year-over-year trends (2026F - $118.5M; 2027F - $130.0M).

Response IR-61:

The line item "Interest and Other Expenses" includes "Interest and Other Expenses", line 28 on FO-01 and "AFUDC, FAM and DSM Rider deferral interest", line 24 on FO-01. The primary reason for the $11.5 million increase in this line item is the $12.6 million of deferred financing costs pertaining to the securitization of thermal assets, which is not forecast in 2027. Please refer to GT IR-74 for the calculation million of deferred financing costs pertaining to thermal assets to be securitized.

Please refer to GT IR-60 which provides the calculations for Interest and Other Expenses. Interest expense is primarily related to outstanding debt volumes at forecast interest rates. The majority of NS Power's debt is fixed in nature, and the interest rate is known. Non-current service pension income is calculated by NS Power's actuary, please refer to RB 02-16 Attachment 1.

Please refer to GT IR-91 for detail regarding the AFUDC, FAM and DSM Rider deferral interest.

Request IR-62:

Reference: FO-01

Per FO-01, please explain why the effective corporate income tax rate for both proposed 2026 and 2027, calculated at (11.5%) and 2.1% respectively, does not align with the company's statutory rate of 29%. We would expect that total corporate income taxes would include both current and deferred income taxes, thus aligning with the 29% statutory rate.

Response IR-62:

In accordance with NS Power's Board-approved accounting policy 5900 - Income Taxes, NS Power does not record deferred income taxes through the statement of income unless specifically directed by the Nova Scotia Energy Board. Further, investment tax credits are recognized as a reduction to income tax expense in the year earned. As such, the effective corporate income tax rates for NS Power's proposed 2026 and 2027 test years do not align with the statutory income tax rate of 29 percent.

Request IR-63:

Reference: OE 10-11.

Per OE 10-11, there are Part VI.1 taxes included in current income taxes for both 2025 and 2026 proposed. Why are Part V1.1 tax deductions included in regulated income taxes when directed by the Board in the GRA Decision to exclude them?

Response IR-63:

The Part VI.1 Tax deductions and Part VI.1 Taxes in the 2025 bridge year and 2026 & 2027 test years relate to NS Power's preferred share dividends, and do not relate to Part VI.1 taxes and tax deductions transferred from Emera Inc., which were specifically directed by the Board in the GRA Decision to be excluded.

Request IR-64:

Reference: RB-02- RB-16.

Per RB-02-RB-16, please confirm there are no deferred charges included in rate base for deferred tax assets related to loss carry forwards created by Part VI.1 tax deductions. If included, please explain why and provide information on the amount included in rate base.

Response IR-64:

Confirmed. There are no deferred tax assets related to net operating loss carry forwards created by Part VI.1 tax deductions included in Deferred Income Taxes presented on line 20 of RB-02-RB-16.

Request IR-65:

Reference: OE-10-11.

Per OE-10-11, please explain the proposed 2026 and 2027 adjustments for 'Deferred income taxes on loss carryforward', 'Reclassification of CIT to/from DIT (with regulatory offset)', and 'Current income tax recovery - Investment tax credits'. Include details on how these amounts are calculated, their sources, reasons for each adjustment, and note any regulatory offsets where applicable.

Response IR-65:

The starting point of OE-10-11 Income Tax Standardized Tax Filing template is to calculate current income taxes by applying the Federal and Provincial income tax rates to taxable income (loss) calculated on line 41 and adding Part VI.1 Tax.

Current income taxes is then adjusted for the following items to arrive at Total Corporate Income Tax Expense (Recovery):

(i) Deferred income taxes on regulatory deferrals;

(ii) Reclassification of CIT to/from DIT (with regulatory offset) – the benefit of current year loss carry forwards to be recognized (i.e., in 2026);

(iii) Deferred income taxes on loss carryforward – the recognition of deferred tax expense resulting from the application of prior year loss carry forwards (i.e., in 2027); and,

(iv) Current income tax recovery - Investment Tax Credits – current income recoveries resulting from Investment Tax Credits (“ITC”).

For example, in 2026, the sum of lines 46, 51 and 52 represents regulated current income recovery of $17.9 million (which agrees to current income taxes added back on ‘T Sch 1 Test Year (2026)’) and the sum of lines 48 and 50 represents regulated deferred income recovery of $2.8 million (which agrees to deferred income taxes added back on ‘T Sch 1 Test Year (2026)’. The total income tax recovery for the year is $20.7 million.

The adjustments for 'Deferred income taxes on loss carryforward', 'Reclassification of CIT to/from DIT (with regulatory offset)', and 'Current income tax recovery - Investment tax credits' in the proposed 2026 and 2027 test years are calculated as follows:

(a) Deferred income taxes on loss carryforward – prior year non-capital losses utilized x 29 percent statutory income tax rate x proportion of prior year non-capital losses related to regulatory deferrals.

(b) Reclassification of CIT to/from DIT (with regulatory offset) – current year non-capital loss x 29 percent statutory income tax rate x proportion of current year non-capital losses related to other regulatory assets/liabilities (i.e., not related to regulatory deferrals). The benefit of non-capital losses related to other regulatory assets/liabilities is offset to a regulatory deferred income tax liability.

(c) Current income tax recovery - Investment Tax Credits – eligible costs related to NS Power’s Battery Energy Storage System project x 30 percent ITC rate.

Request IR-66:

Reference: OE-10-11.

Per OE10-11, please explain why the current income taxes added back in Schedule 1 for 2026 proposed Tab (T Sch 1 Test Year (2026)) does not agree to the calculation of current income taxes (tab S. Summary (OE-10-11- TAXES)).

Response IR-66:

Please refer to GT IR-65.

Request IR-67:

Reference: N-3 page 46

Page 46 line 21-22 of the GRA notes "Regulatory amortizations for 2026-2027 are set out in Figure 8-3 below. Regulatory amortization expense is forecast to be $9.1 million in 2026 and $9.3 million in 2027." Please confirm that this should state $8.1 million in 2026 and 8.3 million in 2023 respectively, as outlined in Figure 8-3.

Response IR-67:

Confirmed; the regulatory amortization expense forecast is $8.1 million in 2026 and $8.3 million in 2027.

Request IR-68:

Reference: N-11 C ii.

With regards to the regulatory amortizations outlined in Exhibit N-11(C)-(ii) (2026-2027 GRA DA-03 Att 1 - Excel - Confidential) - which includes Non-standard meters, SmartGrid NS, Annapolis Tidal Retired Assets, Hurricane Fiona GRA Deferral, Deferred Decarbonization Asset, and Roseway Decommissioning. Please provide background calculations for each amortization for 2024A-2027F.

Response IR-68:

Please refer to the tables below.

2024 Actual ($ million)	Cumulative Additions to Regulatory Asset Balance (a)	Amortization Period in Years (b)	2024 Annual Expense (a/b)
Non-standard Meters	11.8	5.0	2.4
Hurricane Fiona*	33.9	10.0	1.7

*Hurricane Fiona amortization began n July 1, 2024 (M11411).

2025 Budget ($ million)	Cumulative Additions to Regulatory Asset Balance (a)	Amortization Period in Years (b)	2025 Annual Expense (a/b)
Non-standard Meters	11.8	5	2.4
Hurricane Fiona	33.9	10	3.4

2026 Forecast ($ million)	**Cumulative Additions to Regulatory Asset Balance (a)**	**Amortization Period in Years (b)**	**2026 Annual Expense (a/b)**
Non-standard Meters*	11.8	5	2.4
SmartGrid NS	1.7	5	0.3
Hurricane Fiona	33.9	10	3.4
GRA Deferral	2.0	2	1.0
Roseway Decommissioning	4.8	5	1.0

*Non-standard meters balance is forecast to be fully amortized at December 31, 2026.

2027 Forecast ($ million)	**Cumulative Additions to Regulatory Asset Balance (a)**	**Amortization Period in Years (b)**	**2026 Annual Expense (a/b)**
Annapolis Tidal Retired Assets	25.8	10	2.6
SmartGrid NS	1.7	5	0.3
Hurricane Fiona	33.9	10	3.4
GRA Deferral	2.0	2	1.0
Roseway Decommissioning	4.8	5	1.0

Per Schedule DA-3 Attachment 1, there is no DDA Amortization in 2024A – 2027F.

Request IR-69:

Reference: N-3 page 48

With regards to the GRA and COSS deferral outlined in Figure 8-3 of the GRA:

(a) Please provide the basis of the estimated $2 million GRA deferral.

(b) If the actual GRA Deferral costs are less than forecast, is any portion refunded to customers?

Response IR-69:

(a) NS Power's estimate of GRA expenses is based upon the Company's forecast for:

- Consulting services required to assist the Company in preparation of its evidence including responses to information requests, provision of written evidence and oral testimony.

- Fees and expenses from the participation of the Consumer Advocate and Small Business Advocate and the costs of NSUARB consultants based upon NS Power's understanding of the scope of this regulatory proceeding.

NS Power forecast $4 million for the GRA and Cost of Service proceeding costs. This amount was consistent with the incremental, external costs incurred by NS Power in the 2023-2024 GRA proceeding. NS Power reduced this amount by $2 million as the Company and customer representatives had anticipated regulatory efficiencies as a result of reaching a settlement agreement in advance of filing.

(b) NS Power has not proposed to return GRA amortization in excess of costs incurred or collect expense in the event that a greater amount of expense is incurred.

Request IR-70:

Reference: Exhibit N-11(C)-(ii)

Exhibit N-11(C)-(ii) (2026-2027 GRA DA-03 Att 1 - Excel - Confidential) provides the total regulatory amortizations by account for 2024-2027F. Please reconcile the 2024 actuals regulatory amortizations to the Company's audited financial statements.

Response IR-70:

Please see the table below:

Period Ending Dec. 31, 2024 ($ millions)	
Depreciation and Amortization per NS Power's 2024 Audited Financial Statements	281.6
less: Depreciation and Accretion	(277.5)
less: Non-regulated Amortization Expense	(0.0)
Regulatory Amortization	**4.1**

Request IR-71:

Reference: FO-01 and FO-02

Please provide a document that reconciles the 2024 audited statements of earnings and the balance sheet to regulated statement of earnings and regulated balance sheet.

Response IR-71:

Please refer to M12227 NSPI - Annual and Regulated Financial Statements - 2024, NSPI (NSEB) IR-20 Attachment 1, August 21, 2025.

Request IR-72:

Reference: RB-01 and FO-12

Please provide a reconciliation for line 7 (Salvage and cost of removal), line 8 (reclassified to COR and ARO liabilities), and line 9 (deferred financing costs on assets to be securitized) in FO-12 to RB-01 for all years.

Response IR-72:

Please see below for the reconciliation for line 7 (Salvage and cost of removal) and line 8 (reclassified to COR and ARO liabilities) included on FO-12 to RB-01 for all years:

($ million)	**2025**	**2026**	**2027**
Retirements, Salvage and Cost of Removal per RB-1	122.171	143.937	200.283
less: Retirements per RB-1	-102.015	-95.100	-148.823
plus: ARO Adjustment per RB-1	7.239	7.537	7.931
Total RB-1	**27.395**	**56.374**	**59.391**
($ million)	**2025**	**2026**	**2027**
Salvage and Cost of Removal (Line 7 FO-12)	33.836	35.304	29.298
Reclassified to COR and ARO Liabilities (Line 8 FO-12)	-6.441	21.069	30.092
Total FO-12	**27.395**	**56.374**	**59.391**

Please see below for the reconciliation for line 9 (deferred financing costs on assets to be securitized) to RB-01:

($ million)	**2026**
Securitization Proceeds per RB-1	**-204.073**
($ million)	**2026**
Deferred Financing Costs on Assets to be Securitized	12.647
Securitization Proceeds	-216.721
Total FO-12	**-204.073**

Request IR-73:

Reference: RB-01

With regards to the rate base PPE continuity schedule (RB-01):

(a) Please provide explanations for transfers to regulatory assets for all years.

(b) Please provide explanations for the transfers to/from non-regulated assets for all years.

Response IR-73:

(a-b) Please refer to Attachment 1.

2026-2027 GRA GT IR-073 Attachment 1 has been filed electronically.

Request IR-74:

Reference: FO- 12

With regards to "FOR-12: Average Rate Base Supporting Schedule - Capital Assets"

(a) Please provide support for the $12.6 million in deferred financing costs pertaining to the securitization proceeds in 2026.

(b) Has this been approved by the Board for inclusion in Rate Base?

Response IR-74:

(a) NS Power has forecast the securitization of the unrecovered net book value of thermal assets as of December 31, 2025, in two tranches. The first tranche of $500 million is forecast to occur in December 2025, with the remaining amount of approximately $204 million to be securitized in December 2026.

The deferred financing costs are calculated as the portion of unrecovered net book value for assets within the scope of the DDA as of December 31, 2025, that have not yet been securitized multiplied by NS Power's WACC multiplied by 11 months, as NS Power forecasts to securitize these assets in December 2026. Please see Attachment 1.

(b) NS Power has requested the inclusion of these deferred financing costs in rate base as part of this 2026-2027 general rate application.

2026-2027 GRA GT IR-074 Attachment 1 has been filed electronically.

Request IR-75:

Reference: FO-12.

Please provide support for line 17 "Capital spending including AFUDC" found in FO-12 Attachment 1. In particular reconcile the balance to approved capital spending reporting for the balances for line 15 in the 2025 forecast and 2026-2027 proposed years.

Response IR-75:

AFUDC is calculated in accordance with NS Power's Board-approved accounting policy 6240-Allowance for Funds Used During Construction. AFUDC is calculated by applying NS Power's Board-approved WACC to eligible construction work-in-progress balances on a monthly basis. These calculations are completed by NS Power's capital management software system, PowerPlan.

The capital investment prior to inclusion of AFUDC and AFUDC are shown separately in the table below.

($ million)	2025	2026	2027
Capital Investment without AFUDC	680.7	734.3	674
AFUDC	14.7	13.7	18.1
Capital Investment including AFUDC	695.4	748.0	692.1

Request IR-76:

Reference: N-3 page 60

As per section 9.3 - Maritime Link Capital Applications, page 60,
We understand that assets that have met the threshold have been included in rate base at the beginning of the test period.

(a) Please provide supporting documentation and calculations for the total benefits and total costs calculated in figure 9-5 of the GRA. Where possible, please tie amounts to quarterly reporting.

(b) Please provide details on each asset that met the threshold and is included in rate base. Specifically, please provide descriptions of the assets as well as support and underlying calculations of the respective net book values.

Response IR-76:

(a) Please refer to NSEB IR-096. Please also refer to Attachment 1.

(b) Please refer to GRA Attachments 9A, 9B, 9C and 9D and NSEB IR-97.

2026-2027 GRA GT IR-076 Attachment 1 has been filed electronically.

Request IR-77:

Reference: FO-13.

Please provide additional support for the Deferred FAM charges found in FO-13 attachment 1 line 35-38. In particular, provide support for the opening balance with detailed calculations for interest and support for any adjustments impacting this account.

Response IR-77:

Please refer to Attachment 1. The 2025 forecast opening balance is the ending balance for 2024; details can be found in the monthly FAM reports filed with the NSEB. Per discussions with the FAM Small Working group, as Output Based Pricing System (OBPS) costs are accrued each month and the payment does not occur typically until October of the following year, the interest impact of the OBPS accrual is to be removed from FAM until the invoice has been paid.

2026-2027 GRA GT IR-077 Attachment 1 has been filed electronically.

Request IR-78:

Reference: FO-13

Please provide detailed background calculations for the Deferred Charges- DSM Rider Deferral from actual 2024 to proposed 2027. In particular, please provide any support and calculations for adjustments/interest as seen in FOR-13 attachment 1 lines 40-43.

Response IR-78:

Please refer to Attachment 1.

2026-2027 GRA GT IR-078 Attachment 1 has been filed electronically.

Request IR-79:

Reference: FO-13

With regards to FO-13, Please provide an explanation and further details of what specific deferred charges are included in the continuity for "Deferred Charges – Other General" and "Other deferred credits" found in FO-13 attachment 1. Please provide any detailed calculations used to determine these figures and any relevant support. Please reference Matters where these deferred charges or credits were approved by the Board.

Response IR-79:

Deferred Charges – Other General consists of:

- Long-term Equipment Financing Receivable
    - Long-term receivable related to NS Power financing heat pump and hot water heater sales from approved third-party suppliers.
    - Unrecovered net book value of assets retired as a result of Hurricane Fiona storm restoration.

- Net Leases (accounting asset/liability)
    - Right-of-use Lease Assets (accounting asset)
    - Long-term Lease Liabilities – Operating Lease (accounting liability)
    - Financial Instruments (accounting asset/liability)
    - Renewable-to-Retail Deferred Asset (re Matter M06214)
        - This program allows retail customers to purchase renewable electricity directly from a licensed renewable supplier in Nova Scotia.

- GRA and COSS Regulatory Asset

- Townsend St Mortgage Balance (M11481).

Other deferred credits consist of:

- Long-term liabilities Other
  - Represents deposits received from interconnection customers to undertake studies associated with generator interconnection requirements and a long-term liability related to a Microsoft Enterprise agreement.

- Long-term liability associated with issuance of preferred shares to WMA associated with NS Power's grid-scale battery project.

- LT Accrued Interest (accounting accrual)
  - Net interest owed to the CRA related to an ongoing dispute.

Please see the annual forecast balances at year-end for Deferred Charges- Other General below:

Deferred Charges- Other General ($ millions)	**2025**	**2026**	**2027**
Long-Term Equipment Financing Receivable	17.8	11.6	6.9
Right of Use Lease Asset	19.0	18.4	17.7
Long-term Lease Liability- Operating Lease	(20.7)	(20.3)	(20.0)
Hurricane Fiona Unrecovered Assets*	7.9	7.0	6.1
Financial Instruments	3.5	3.5	3.5
Renewable to Retail	1.5	1.6	1.7
GRA and COSS Deferral**	4.0	2.0	-
Townsend St. Mortgage	1.0	0.9	0.8
Total	**34.2**	**24.9**	**16.9**

*Hurricane Fiona unrecovered assets include only the unrecovered net book value of assets retired and does not include operating costs that are not included in rate base.

** GRA and COSS deferral amortization over the test period will be $1 million in each of 2026 and 2027. NS Power agreed to a $2 million reduction in amortization expense associated with this deferral as part of the settlement agreement reached with customer representatives.

Please see the annual forecast balances at year-end for Deferred Charges- Other General below:

Other Deferred Credits ($ million)	**2025**	**2026**	**2027**
Long-term Liabilities- Other	(16.8)	(16.8)	(16.8)
Long-Term Accrued Interest	(11.8)	(13.3)	(14.9)
Total	**(28.6)**	**(30.1)**	**(31.8)**

Request IR-80:

Reference: FO-13 and FO-12

Please explain why the Regulated Assets (Roseway, Annapolis, and Smartgrid NS) for 2025F is $6.5 million in FO-13 line 54 but $2.1 million in FO-12 line 11.

Response IR-80:

The $6.5 million in in FO-13 line 54 consists of $4.8 million for Roseway Decommissioning, and $1.7 million related to Smart Grid Nova Scotia assets.

The $2.1 million transferred to Regulated Assets (Roseway, Annapolis, and Smart Grid Nova Scotia) on FO-12 line 11 consists of the transfer of $1.7 million of unrecovered Smart Grid Nova Scotia assets and $0.4 million of the unrecovered Roseway ARC asset.

The total of the Roseway decommissioning cost regulated asset would include transfers from PP&E of $0.4 million (included in FO-12 line 11), settlement of the ARO liability in the amount of ($0.6) million (included in the 2025 total of $2.2 million on line 68 of FO-13) and $4.8M transferred from the Cost of Removal Account (see line 84 on FO-13).

Request IR-81:

Reference: N-3 Page 59

We understand that the net book value of thermal generating assets to be retired by 2030 are included in the DDA and that no assets are expected to be retired during the test period. When are these assets expected to be retired?

Response IR-81:

The forecast retirement date for assets within the scope of the DDA is December 31, 2029.

Request IR-82:

Reference: FO-13

Please provide detailed background calculations for the Cost of Removal from actual 2024 to proposed 2027. In particular, please provide any support and calculations for additions and removal costs incurred as seen in FOR-13 attachment 1 lines 81-86.

Response IR-82:

Please see Attachment 1.

2026-2027 GRA GT IR-082 Attachment 1 has been filed electronically.

Request IR-83:

Reference: DA-04

Please provide detailed background calculations and supporting documentation for the ARO from 2024 actual to proposed rates 2027.

Response IR-83:

Please see Partially Confidential Attachment 1.

2026-2027 GRA GT IR-083 Confidential Attachment 1 has been removed due to confidentiality.

Request IR-84:

Reference: N-3 Page 54.

As noted in section 9.2.4 (Page 54), Long term income tax receivable.

(a) Please provide particulars, by year, of the income tax receivable and interest. For greater certainty, please confirm that these amounts have been paid by rate payers. If not, please explain.

(b) Please provide a copy of NSPI's Notice of Appeal filed with the Tax Court of Canada, and any written submissions by NSPI and CRA.

(c) When does NSPI anticipate resolution of the ongoing dispute?

(d) If resolved during the test years, how will the refund be treated by NSPI?

Response IR-84:

(a) Please refer to Confidential Attachment 1 for the particulars by year of the long-term income tax receivable balance (including interest). The long-term income tax receivable is a component of rate base and has been funded by debt and shareholder equity. The financing costs of rate base are funded by customers.

(b) Please refer to M10431 IG IR-30 Confidential Attachments 1 and 2 for NS Power’s Notice of Appeal and Amended Notice of Appeal filed with the Tax Court of Canada on November 29, 2019 and June 29, 2020, respectively. Please refer to M10431 IG IR-30 Confidential Attachments 4 and 5 for the Reply and Amended Reply to NS Power’s Notice of Appeal filed with the Tax Court of Canada on May 27, 2020 and September 23, 2020, respectively. There have been no further written submissions to the Tax Court of Canada.

(c) Please refer to NSEB IR-60 part (a) (ii).

(d) Any refund received would result in NS Power collecting the cash and removing the Long-term Income Tax Receivable from its balance sheet. To the extent that NS Power has a portion of the disputed tax benefits denied, the denied income tax benefits and related interest are expected to be recovered from customers. The related tax benefits would be available to reduce income tax expense and the cost of service for customers in future periods.

2026-2027 GRA GT IR-084 Confidential Attachment 1 has been removed due to confidentialty.

Request IR-85:

Reference: RB-02-16- Attachment 1

Please provide explanation for the increase in materials and supplies allowance from 2024 Compliance Rates to 2026 Proposed Rates.

Response IR-85:

The increase in materials and supplies inventory is primarily due to an increased forecast for fuels inventory of $87 million. This is due to an increased volume of solid fuel inventory as result of the SO_2 emissions relief that was effective April 2025. Please refer to GT IR-86.

In addition, there has been an increase in materials inventory of $44 million due to inflationary pressures and ongoing supply chain challenges. Most North American utilities require significant investment due to a number of factors, including increased electrification, grid modernization and decarbonization. In addition, due to recently introduced tariffs, NS Power and other Canadian utilities are attempting to source more materials from Canadian suppliers. All these factors are contributing to a high demand environment as compared to available supply, especially for items such as transformers. This is driving higher materials pricing and the need for NS Power to carry a greater stock of materials inventory in order to respond to meet customer requirements and respond to large-scale weather events.

Request IR-86:

Reference: FO-14.

With regards to FO-14: Average Rate Base Supporting Schedule - Allowance for Materials & Supplies, average fuel inventory is expected to increase from 2025 Forecast to 2026 Proposed Forecast, then decrease in 2027 Proposed Forecast. Please explain why these forecasts are expected and provide any underlying assumptions.

Response IR-86:

Average fuel inventory, which is predominately comprised of coal, is expected to increase from the 2025 forecast to the 2026 proposed forecast as result of the SO_2 emissions relief that was effective April 2025. As a result of SO_2 emissions relief, NS Power is forecasting more coal generation during the winter months, thus increasing the required coal inventory on hand for 2026 as compared to 2025. The average inventory is decreasing in the 2027 forecast compared to the 2026 forecast as a result of the Goose Harbour Lake wind project forecast to become operational in late 2026 and four additional wind projects expected to become operational in early 2027. The energy that is forecast to be supplied from these additional wind projects is forecast to reduce the amount of generation from coal in 2027, thus reducing the volume of coal inventory required.

Request IR-87:

Reference: FO-14

With regards to FO-14: Average Rate Base Supporting Schedule - Allowance for Materials & Supplies, average materials inventory is expected to increase from 2025 Forecast to 2026 Proposed Forecast. What is the reason for these forecast changes?

Response IR-87:

The increase in forecast materials & supplies from 2025 Forecast to 2026 GRA Forecast is primarily due to forecast inflationary increases in the cost of materials.

Request IR-88:

Reference: SR-04 Attachment 1

Please provide a schedule of costs related to the most recent lag study (including costs for fuels, OM&G labour, OM&G non-labour, grants in lieu of taxes, HST collected, HST/GST paid, and DSM) reconciled to the 2023 audited financial statements.

Response IR-88:

The schedule of costs is provided in the lead-lag workpapers (‘WP - Section 1 Summary.xlsx’ through ‘WP - Section 8 DSM.xlsx’). The cost schedules for the lead-lag study will not reconcile to the 2023 audited financial statements since the lead-lag study evaluates only cash payments.

Request IR-89:

Reference: RB-02-16- Attachment 1

Please provide an explanation for the increase in Cash Working Capital ("CWC") 2024 Compliance Rates to 2026 Proposed Rates. Specifically, please provide details on the categories driving this increase.

Response IR-89:

Please refer to NSEB IR-98 (b).

Request IR-90:

Reference: RB -02-16- Attachment 1

Was there any change in methodology used in calculating the Working capital allowance for the 2026-2027 GRA compared to the 2022-2024 GRA? If so, please explain the difference(s) and why the change was required.

Response IR-90:

No. The methodology used in calculating the working capital allowance for the 2026-2027 GRA is consistent with the 2022-2024 GRA.

Request IR-91:

Reference: RB -02-16- Attachment 1

Please provide detailed calculations of the 2026-2027 AFUDC, DSM, Storm, FAM & FCR Interest.

Response IR-91:

Please see the table below:

($ Million)	**2026**	**2027**
AFUDC	(13.7)	(18.1)
FAM Interest	1.0	1.3
DSM Rider Interest	0.0	0.0
Deferred Interest on Assets to be Securitized	(12.6)	-
Renewable to Retail Deferral	(0.1)	(0.1)
Total	**(25.4)**	**(16.8)**

Please refer to GT IR-75 for additional detail on how AFUDC is calculated.
Please refer to GT IR-77 for a detailed calculation of FAM interest.
Please refer to GT IR-78 for a detailed calculation of DSM rider deferral interest.
Please refer to GT IR-74 for a detailed calculation of deferred interest on assets to be securitized.

Request IR-92:

Reference: RB -02-16- Attachment 1.

In the reconciliation of revenue requirement to statement of earnings, please explain why noncurrent pension interest, AFUDC, FAM, and FCR interest are adjustments required to revenue requirement.

Response IR-92:

Non-service pension expense/recovery is included in Other Income/Expense per NS Power's Board-approved accounting policy 2400- Employee Future Benefits. The interest on FAM and AFUDC are calculated in accordance with Board-approved accounting policies 5110- Fuel Adjustment Mechanism and 6240- Allowance for Funds Used During Construction, respectively. As these are forecast expenses or recoveries that NS Power will incur over the test period to provide service to customers, NS Power has included these expenses/recoveries in revenue requirement, consistent with prior general rate applications.

Request IR-93:

Reference: N-3

Per N-3, section 1.1, page 8, lines 22-26, it is stated that:

> **"Hundreds of detailed questions and requests for additional information from Customer Representatives were responded to by NS Power and, the Parties participated in multiple meetings where the GRA was negotiated, with the result being a consensus on the outcomes. Throughout the entirety of this process, Customer Representatives were aided by their expert consultants."**

Please provide any details, explanations, or any applicable documents on the outcomes in which Customer Representatives reached a consensus for the following matters: operating maintenance & general expenses, rate base, working capital, regulatory amortizations, interest and other expenses, regulatory amortizations, and taxes.

Response IR-93:

Please refer to NSEB IR-1.