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Request IR-1:

Reference: Exhibit N-3, Direct Evidence, Section 12.4 PHP COSS Treatment, page 79.

“NS Power anticipates filing an application for approval of a new above-the-line (ATL) Tariff applicable to PHP and PHP has committed to take service under the ATL tariff effective January 1, 2026, or such later date as determined by the Board, whether on a permanent or interim basis, subject to satisfactory resolution of the ADC and tariff processes. As such, PHP has been treated as an ATL customer in the 2026-2027 COSS. As part of the tariff application the Company expects the provision of ADC service to be proposed as a rider to this new ATL tariff. Any Board-approved payments to PHP for ADC services are expected to be recovered from ATL customers.

PHP’s ATL treatment also includes an interruptible credit, the dollar value of which is to be the same as the credit provided to Large Industrial Interruptible Rider (LIIR) customers. In addition, PHP’s ATL treatment includes the value of priority interruption service provided, if any. For the purpose of modeling, the value of priority interruption service has been applied as a 10 percent premium to the LIIR credit.”

Reference: Exhibit N-9, Appendix 12A, Cost of Service Study Process, Section 5.10 Treatment of PHP as an Above-the-Line Customer, page 20.

“Due to PHP’s size, unique operating characteristics, and the anticipated continued provision of Active Demand Control (ADC) service to NS Power, PHP has been modeled in its own ATL rate class.

For the test years (2026 and 2027), the COS has been prepared based on the following PHP load characteristics, which are also reflected in the Base Cost of Fuel (BCF) model:

- Firm load of 8 MW at the three coincident peaks (3CP) in December, January, and February;
- Total load (firm plus interruptible) of 65 MW at the 3CP;
- PHP’s energy is set on PHP forecast usage net of forecast supply from the PHP Goose Harbour Lake Wind Farm.”

Reference: Exhibit N-17, SR-01, Attachment 1b, Page 3 of 3.

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- 1 **1. ...also, set PHP rate class to R/C Ratio of 1.0 as this was previously a**
2 **BTL class under the ELIADC...**
3 **4. The R/C ratio for PHP was set at 1.05 creating an over recovery of**
4 **system costs.**
5 **5. The imbalance from step 4 is eliminated by lowering the R/C ratios of**
6 **all those classes whose R/C ratios were at 1.05 or near 1.05 (Municipal**
7 **in 2026) in step 3...**
8

9 **Questions:**
10

- 11 **(a) Please confirm that, while the new above-the-line (ATL) Tariff for PHP to be brought**
12 **forward for approval by the Board later this year shall reflect the modeling noted**
13 **above, it remains open to all Parties, including PHP, to take any position they so**
14 **choose in the PHP ADC and tariff processes.**
15
16 **(b) Please confirm that PHP has no obligation to take service under the new ATL Tariff**
17 **if PHP determines that the ADC and tariff processes outcome (and the resulting rates**
18 **to be charged to PHP) are not satisfactory to PHP following receipt of the Board's**
19 **decision on the new ATL Tariff as part of that subsequent process.**
20

21 **Response IR-1:**
22
23
24

- 25 **(a) Please refer to NSEB IR-1 Attachment 1.**
26

27 With respect to whether “it remains open to all Parties, including PHP, to take any position
28 they so choose in the PHP ADC and tariff processes,” the Company notes:
29

- 30 • Within Settlement Agreement (SA) section “Cost of Service (COS)”, parties to the
31 Settlement Agreement have agreed to utilize the Cost of Service as provided in the
32 Draft GRA. This establishes the foundation for costing the PHP ATL Tariff,

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1 including the elimination of the segregation of costs between Extra High Voltage
2 and High Voltage systems.

3
4 • Within SA section “PHP Treatment”:

5
6 ○ Subsection b) establishes the costing parameters to be applied to the
7 development of the PHP ATL Tariff.

8
9 ○ Subsection c) provides “The dollar value of the Interruptible credit to be
10 applicable to PHP’s interruptible load shall be the same as the credit for Large
11 Industrial Interruptible customers, plus the value of priority interruption service
12 provided, if any. The priority interruptibility service that may be provided by
13 PHP is modelled at an additional 10% credit.”

14
15 ○ Subsection f) establishes that “it remains open for all Parties to take any position
16 they so choose, including whether each of the PHP ADC and tariff filing(s) is
17 inconsistent with the load characteristics and basic tariff structure as set out
18 above.”

19
20 (b) In the Board’s Decision in M12184, in which the NSEB provided its approval of a third
21 term of the Extra Large Industrial Active Demand Control Tariff (ELIADC) for the period
22 January 1, 2026 to December 31, 2026, the Board provided:

23
24 In closing, the Board notes that the NSUARB considered that rates designed
25 to recover embedded costs are a staple of regulated utility practices across
26 North America, but rates based on different approaches may be considered
27 if there is a principled basis for doing so (2021 NSUARB 126, para. 29). In
28 approving the ELIADC, which is not a fully allocated cost rate, the
29 NSUARB observed that “it would be unreasonable to deny that the
30 proposed Tariff does not possess certain characteristics of a load retention
31 rate or economic incentive rate”, but it considered the primary element of
32 the tariff to be its functionality as a demand response rate (2020 NSUARB
33 44, paras. 29-30). However, recognizing that part of the justification for the
34 rate (not based on fully allocated costs) related to PHP’s financial

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1 circumstances, the NSUARB said “if there is an application to re-open the
2 rate during the four-year term pursuant to its provisions, or at the end of the
3 four-year term a renewal term is applied for, the Board will require full
4 financial information to a level equivalent to the information provided in
5 this application.” (para. 103).

6
7 The level of financial information contemplated by the NSUARB when it
8 approved the ELIADC was not provided in this application (or for the
9 previous term extension). The Board cautions NS Power and PHP against
10 relying on further extensions of the ELIADC as a status quo rate until
11 something else is developed. If there is an application to further extend the
12 ELIADC, even for only a short duration, that application must be supported
13 by the financial information contemplated by the NSUARB and must
14 provide a detailed review justifying the continuation of all of the elements
15 of the ELIADC tariff.

16
17 A Board-approved tariff is required to provide service to PHP. The availability and
18 applicability of the ELIADC Tariff or a successor tariff to PHP remain matters for the
19 Board to determine.

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1 **Request IR-2:**

2
3 **Reference: Exhibit N-3, Direct Evidence, Section 13.5 DSM Rider, page 83:**

4
5 **“NS Power will make its 2026 DSM Rider application in accordance with**
6 **current practice. Per COSS, 100 percent of the DSM costs will be allocated to**
7 **classes in accordance with DSM program spending.”**
8

9 **Question:**

10
11 **Please confirm that, should PHP elect to take service under an Above-the-Line Rate in 2026**
12 **and/or 2027, PHP will not be allocated any DSM costs as part of NS Power’s DSM Rider**
13 **applications in 2026 or 2027 if no DSM program spending is allocated to PHP’s class.**
14

15 **Response IR-2:**

16
17 Under the consensus GRA, the COS approach to the DCRR proposes that 100 percent of costs be
18 allocated to classes in accordance with program spending for that class. If no DSM program
19 spending is allocated to PHP’s class by E1, then no DSM costs would be allocated to PHP as part
20 of the DCRR for 2026 and 2027, pending NSEB approval of such COS treatment.

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Request IR-3:

Reference: Exhibit N-17, SR-01 Attachment 2 and Attachment 3, tabs Exh 7 and Ex9a Annual.

(a) For 2026, please confirm that the Energy Requirement for the Large Industrial class is 722,194 MWh (cell D19 of Exh. 9a Annual), and the revenue for the Large Industrial class is \$76.163M (cell C20 of Exh. 7), which absent any R/C ratio adjustment and the application of any other riders would yield a rate of \$105.46/MWh.

(b) For 2026, please confirm that the Energy Requirement for PHP's as modeled ATL class is 829,996 MWh (cell D20 of Exh. 9a Annual), and the revenue for PHP's ATL class is \$84.579M (cell C21 of Exh. 7), which absent any R/C ratio adjustment and the application of any other riders would yield a rate of \$101.90/MWh.

(c) For 2027, please confirm that the Energy Requirement for the Large Industrial class is 719,039 MWh (cell D19 of Exh. 9a Annual), and the revenue for the Large Industrial class is \$76.299M (cell C20 of Exh. 7), which absent any R/C ratio adjustment and the application of any other riders would yield a rate of \$106.11/MWh.

(d) For 2027, please confirm that the Energy Requirement for PHP's as modeled ATL class is 311,353 MWh (cell D20 of Exh. 9a Annual), and the revenue for PHP's ATL class is \$39.349M (cell C21 of Exh. 7), which absent any R/C ratio adjustment and the application of any other riders would yield a rate of \$126.38/MWh.

(e) If any of items (a)-(d) are not confirmed, please provide the correct Energy Requirement and/or revenue and the applicable rate absent any R/C ratio adjustment

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1 **and the application of any other riders. Please also indicate where in the Application**
2 **materials such figures are shown or derived.**

3
4 Response IR-3:

5
6 (a) The energy requirement of 722,194 MWh and revenue of \$76,163 million for the Large
7 Industrial class are confirmed.

8
9 However, the rate of \$105.46/MWh is not confirmed. The rate absent any R/C ratio
10 adjustment and the application of any other riders is \$101.04/MWh (\$72.968 million /
11 722,194 MWh = \$101.04 / MWh).¹ The figure of \$72.968 million comes from cell F26 of
12 Exh. 10. The rate of \$105.46/MWh represents the ratio of revenue after the R/C Ratio
13 adjustment of \$76.163 million and Energy Requirement of 722,194 MWh (\$76.163 million
14 / 722,194 MWh = \$105.46 / MWh).

15
16 (b) The energy requirement of 829,996 MWh and revenue of \$84.579 million for the PHP
17 class are confirmed.

18
19 However, the rate of \$101.90/MWh is not confirmed. The rate absent any R/C ratio
20 adjustment and the application of any other riders is \$97.63/MWh (\$81.030 million /
21 829,996 MWh = \$97.63 / MWh). The figure of \$81.030 million comes from cell F28 of
22 Exh. 10. The rate of \$101.90/MWh represents the ratio of revenue after the R/C Ratio
23 adjustment of \$84.579 million and Energy Requirement of 829,996 MWh (\$84.579 million
24 / 829,996 MWh = \$101.90 / MWh).

25
26 (c) Thee energy requirement of 719,039 MWh and revenue of \$76,299 million for the Large
27 Industrial class is confirmed.

28

¹ Please note that the Company refers to this ratio as a unit cost rather than a rate. The rate is typically referred to by the Company as a ratio of revenues to Energy Sales and not Energy Requirement.

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1 However, the rate of \$106.11/MWh is not confirmed. The rate absent any R/C ratio
2 adjustment and the application of any other riders is \$101.37/MWh (\$72.886 million /
3 719,039 MWh = \$101.37 / MWh).² The figure of \$72.886 million comes from cell F26 of
4 Exh. 10. The rate of \$106.11/MWh represents the ratio of revenue after the R/C Ratio
5 adjustment of \$76.299 million and Energy Requirement of 719,039 MWh (\$76.299 million
6 / 719,039 MWh = \$106.11 / MWh).

7
8 (d) The energy requirement of 311,353 MWh and revenue of \$39.349 million for the PHP
9 class is confirmed.

10
11 The rate of \$126.38 MWh is not confirmed. The rate absent any R/C ratio adjustment and
12 the application of any other riders is \$120.73/MWh (\$37.589 million / 311,353 MWh =
13 \$120.73 / MWh). The figure of \$37.589 million comes from cell F28 of Exh. 10. The rate
14 of \$126.38/MWh represents the ratio of revenue after the R/C Ratio adjustment of \$39.349
15 million and Energy Requirement of 311,353 MWh (\$39.349 million / 311,353 MWh =
16 \$126.38 / MWh).

17
18 The forecast increase in PHP unit costs from \$101.90 / MWh to \$126.38 / MWh from 2026
19 to 2027 is primarily due to the reduction in the customer's annual coincident peak load
20 factor due to displacement of energy purchases from NS Power under the PHP rate with
21 the Goose Harbour Lake Wind Farm generation. While energy under this PHP rate is
22 forecast to go down significantly, the capacity service stays at the same level. This rate
23 increase should not be interpreted as an increase in the overall cost of power of PHP as it
24 applies to PHP's significantly reduced consumption.

25
26 (e) Please refer to parts (a) through (d).

² Please note that the Company refers to this ratio as a unit cost rather than a rate which it considers to be a ratio of revenues to Energy Sales.
