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Dear Ms. Power:

M12451 – Nova Scotia Power Inc. – 2026 General Rate Application (GRA)

The Board's March 25, 2026, decision in this matter approved NS Power's application, subject to certain changes and other directives. NS Power was directed to submit a compliance filing based on the Board's decision, and that filing was made on April 7, 2026.

On April 9, 2026, the Board issued information requests to NS Power about the use of the traditional proration technique to implement the approved rate changes. NS Power's responses were filed on April 16, 2026. Thereafter, the Board received submissions on the compliance filing from the Consumer Advocate, the Small Business Advocate, the Industrial Group, and the New Democratic Party Caucus. NS Power's final reply submissions were filed on April 27, 2026.

Subject to the comments and changes noted later in this letter, the Board accepts NS Power's compliance filing as substantially conforming to the conditions imposed by the Board in its decision.

In its decision, the Board expressed concern about using proration to implement new rates in the context of the recent cyberattack, which resulted in longer periods between actual meter readings than usual. It was also not clear to the Board why NS Power needed to continue to use proration at all given its significant investment in AMI meters.

In its compliance filing, NS Power explained that although its AMI meters provided a new foundation to precisely determine the amount of energy used before and after a new rate came into effect, its legacy Customer Information System is not able to produce customer bills in that fashion due to the limitations of the Customer Information System. NS Power expressed some doubt that its system could be modified to overcome those limitations and indicated that the work required to determine if it could would be costly and take time. NS Power's high-level estimate for the work suggested a capital expenditure of a minimum of $600,000 and $400,000 in additional operating, maintenance and general costs.

Addressing the Board's concern about longer than normal proration periods due to the cyberattack, NS Power said its "meter reading and billing processes have returned to their pre-cybersecurity state of operations". It noted that data connections to AMI meters have been re-established, integrations between AMI meter reads to the billing system have been restored and billing estimation was performing within the regulated performance standard at or below 2%.

NS Power also noted that, for the month of May, only 5% of customers will receive a bill that is not based on an actual reading at the start of the billing period, some of them being customers who have opted out of using AMI meters' functionality. Therefore, 95% of accounts to be billed in May would have true reads at the start and end of the billing period reflected on the May bill.

NS Power maintained there were no longer any cybersecurity incident impacts to meter reading or billing processes that would affect the traditional proration approach used to implement rate changes. Additionally, NS Power provided some hypothetical calculations to estimate the impact of proration on a residential customer whose bill over April and May started and ended with an actual reading. For such a customer, NS Power estimated the prorating impact on the bill could amount to $0.63 on the total bill over the two-month period.

NS Power's responses to information requests suggested that 5% of customers will have a longer period of estimation preceding the rate increase than the current billing cycle. In these cases, the Board understands the impact could be somewhat higher, but not significantly so. Additionally, some of NS Power's customers are expecting to see a slight reduction in rates and may receive a very slight benefit from proration.

In the circumstances, the Board finds that the additional precision that would be necessary to implement rate adjustments on anything other than a prorated basis is not feasible given the considerable costs and time that would be required to have the necessary billing capability added to NS Power's Customer Information System (if it is even possible to do that with its legacy system). Furthermore, the Board notes that the prorating approach intended to be used by NS Power in this case is the same approach that has been used traditionally in this jurisdiction and others. NS Power said it was not aware of any other jurisdiction that implemented rate changes in the fashion contemplated by the Board in its decision.

Be that as it may, NS Power said it understood the Board's desire for more precise application of rate changes and, as part of the development of its Customer Information System replacement project that is currently underway, it will undertake to assess the feasibility of adding the functionality required to apply changes to rates across billing periods to actual customer consumption before and after rate adjustments. The Board directs NS Power to assess the feasibility of adding this functionality to its new system and to address this issue in its application for the anticipated capital application for the system.

The Board is therefore satisfied that NS Power has provided a compelling reason demonstrating that it is not possible to use AMI data to avoid prorating bills to accommodate its proposed increase.

One area of the compliance filing that does not fully comply with the Board's decision relates to the proposed changes to NS Power's *Regulations.* In its application, NS Power stated:

> **15.1 Regulations 1.1, 5.1, 7.1 and 7.3**
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> NS Power's updated request for an AMI opt-out fee is presented above in section 13.7. Such a change will require an update to Regulation 1.1 as provided in **PR-03 Attachments 1a and 2a,** Regulation 5.1 as provided in **PR-03 Attachment 1b and**

> **2b,** Regulation 7.1 as provided in **PR-6 03 Attachment 1c and 2c,** and Regulation 7.3 as provided in **PR-03 Attachment 1d and 2d.**
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> The changes to Regulation 1.1 update the definitions to include estimated meter read, opt-out fee, and true or actual meter read. Changes to Regulation 5.1 update meter reading and the ability to charge an AMI opt-out fee. Changes to Regulation 7.1 update the Schedule of Charges to include the AMI opt-out fee, and the updated pole attachment fees. Changes to Regulation 7.3 update the rates charged for Recovery of Installation and Operational Charges. [Emphasis in original]
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> [Exhibit N-3, p. 97]

The Board's decision expressed concern with NS Power's proposed opt-out fees and NS Power's approach to self-reporting options, as set out in paragraphs 680-684:

> [680] The Board has several concerns with NS Power's request to implement AMI opt-out fees at this time. Based on the responses provided during the hearing, it appears that meter reader costs associated with opt-out meters and those associated with cyber related manual meter readings are insufficiently delineated to accurately assess opt-out fees. Also, despite NS Power's statement that opt-out costs are informed by actual experience, development of those costs appears to be based on certain questionable forecast assumptions. For example, projecting a 20-fold increase in customer care costs and opt-out calls after fees are implemented raises further concerns.
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> [681] Regarding potential self-reporting options for opt-out customers, NS Power has dismissed that option by suggesting it is too challenging to accurately read digital meters or that customers might intentionally (or unintentionally) submit incorrect readings. Those statements were made despite acknowledging that numerous photo meter readings have been accepted by NS Power and meter reading instructional material is currently available on the company's website.
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> [682] Regarding the possibility of intentionally or unintentionally submitting incorrect readings, the Board notes that NS Power currently has set certain bill thresholds against which individual bills are reviewed for anomalies, such as high bills. NS Power also stated it intends to explore additional criteria to identify bill exceptions through its Customer Information System modernization initiative. The Board questions whether NS Power has given sufficient consideration to establishing bill thresholds which could flag photo or postcard reading submissions that may be incorrect. Perhaps advancements in technology, such as artificial intelligence, could alleviate that concern.
>
> [683] NS Power appears reluctant to consider providing opt-out customers with options such as self-reporting which could facilitate maintaining bi-monthly readings, or perhaps might require only a single manual reading for verification purposes. NS Power's meter reading regulation 5.1 states that the company may adopt a postcard meter reading system in rural areas and may consider postcard meter readings to be actual meter readings. That regulation currently states that "Notwithstanding the foregoing, an actual reading must be taken by the Company at least once within a twelve-month period for meters which are read bi-monthly and once within a six-month period for meters which are read monthly". NS Power has not provided any reasonable justification why a similar option could not be available to opt-out customers.
>
> [684] The Board is not persuaded that implementing semi-annual or monthly manual meter readings and applying opt-out fees is the only option that should be made available to customers. Based on the concerns noted above, the Board denies

> NS Power's request to impose opt-out fees or to amend related regulations at this time. NS Power is directed to address this in a compliance filing. [Emphasis added]

In its compliance filing, NS Power removed proposed regulation changes relating to the proposed opt-out fees but failed to remove the proposed amendments around the frequency or methods used for reading opt-out meters. NS Power is therefore directed to file a copy of the regulations that comply with the Board's decision. Specifically, NS Power must:

- Remove the definitions for "Estimated Meter Read", "Opt-Out Fee", and "True Meter Read"/"Actual Meter Read" in Regulation 1.1; and
- Remove all proposed changes to Regulation 5.1.

The new rates and regulations come into effect on May 1, 2026. NS Power is directed to file an updated copy of its *Regulations* reflecting the Board's decision as noted in this letter.

Yours very truly,

Stephen T. McGrath, K.C.
Chair

Roland A. Deveau, K.C.
Vice Chair

Steven M. Murphy, MBA, P.Eng.
Member

c. William L. Mahody, K.C., Board Counsel
M12451 Parties