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October 15, 2025

Crystal Henwood
Clerk of the Board
Nova Scotia Energy Board
1601 Lower Water Street, 3rd Floor
Halifax, NS B3J 3S3

Re: M12451 – 2026-2027 General Rate Application - Nova Scotia Power Incorporated comments on Preliminary Issues List

Dear Ms. Henwood:

Nova Scotia Power Incorporated (NS Power) is writing to provide its comments on the 2026-2027 General Rate Application (GRA) Preliminary Issues List provided by the Nova Scotia Energy Board (Board) on September 25, 2025. NS Power appreciates the Board's mandate and its need to have confidence that its decisions fulfill its mandate. NS Power's comments are intended to assist the Board as it establishes and progresses the regulatory process for this GRA to ensure the Board's mandate can be fulfilled as efficiently as possible.

This GRA is the result of an extensive collaborative process involving NS Power and all customer representatives, who, as a result of that process, are supportive of the outcomes being requested in this GRA. The Board has previously stated in relation to settlement agreements:

> Where, as here, the Agreement is supported by representatives of all of the customer classes, the Board can have confidence that the Agreement is in the public interest.[1]

This statement recognizes that a customer representative's support for an outcome is in and of itself evidence that that outcome is in the best interests of the customers being represented. In this instance, the fact that the GRA outcomes are supported by all customer representatives is evidence that the GRA is in the broader public interest and that the outcomes are just and reasonable.

[1] *Re Nova Scotia Power inc.,* 2008 NSUARB 140 at para. 13. Also see para. 57 of 2023 NSUARB 12 (M10431).

Such evidence is only strengthened by the fact that the representatives of NS Power's varied customer classes are experienced legal counsel with professional and statutory obligations to advocate for the interests of those that they represent. These representatives have also been aided throughout the development of the GRA by independent expert consultants.

The collaborative efforts to achieve this type of support and the confidence such support instills in the Board should be recognized and incentivized by creating regulatory efficiencies and NS Power submits that the regulatory process and Final Issues List should reflect such efficiencies.

The purpose of the issues list is, as the Board has stated, to identify those issues that are to be dealt with in the public hearing of this matter, which is set to begin on January 7, 2026. As NS Power understands it, the intent is that the list creates efficiencies by identifying issues that remain unresolved and that require further evidence or testing. The intent is not to identify a list of all potential items that fall within the Board's mandate and which could be raised. If that were the case, the issues list would be redundant. To the extent issues do not warrant further evidence or testing, then they need not be included in the Final Issues List.

NS Power therefore submits that the Final Issues List must take into account the fact that there is universal support for the GRA outcomes from all customer representatives.

The extent of the work, time, and resources that went into developing a consensus on the GRA outcomes was significant. It was done with the hope that it would result in a greater level of transparency and understanding between all parties involved, with the ultimate goal being an optimal result for customers. As stated in NS Power's letter to the Board on September 2, 2025, one of the outcomes of the collaborative efforts of the parties was the reduction of costs for customers to account for the anticipated GRA-related regulatory efficiencies that were expected to be created by the parties' efforts and work. This benefit can only be realized if the regulatory process reflects these efficiencies.

In addition to the foregoing, NS Power provides the following comments on certain of the issues on the Preliminary Issues List:

Issue

Fuel and Purchased Power Costs, including Fuel Adjustment Mechanism (FAM), FAM Plan of Administration, Base Cost of Fuel, Actual Adjustment, Balancing Adjustment, and Fuel Manual (including proposed Hedging Plan amendment)

Comment

By way of the Fuel Adjustment Mechanism (FAM), fuel and purchased power costs will be approved in this GRA on an interim basis, subject to true-up through the Actual Adjustment (AA) and Balancing Adjustment (BA) riders and approval on a final basis in the FAM Audit. However, this GRA does not seek approval of the AA and BA rider rates or final approval of fuel costs.

Issue

Operating, Maintenance & General Costs including, Pensions, Executive Compensation, and expenses shared with affiliates

Comment

While operating, maintenance, and general costs form part of the revenue requirement that has been agreed to by all customer representatives and is what the Board is being asked to approve, the wording of this issue appears to have been taken from the 2013-2014 GRA and, in the submission of NS Power, the express mention of pensions, executive compensation, or expenses shared with affiliates is outdated, is of little or no relevance in this GRA, and should not be expressly set out as a focus in this proceeding.

Issue

Transfer of operations and related costs to the Nova Scotia Independent Energy System Operator.

Comment

Page 75 of the GRA provides:

> The timing of this transition is largely out of NS Power's control and will continue to evolve over 2025 as NSIESO Management is appointed and a transition plan is refined. NS Power plans to apply to the NSEB for recovery or refund of the difference in actual operating expense, as compared to forecast, associated with the NSIESO transition once it is complete.

As such, in NS Power's view, the relevant aspect of the NSIESO transition for the purposes of the GRA is not the transfer of operations and related costs, which continue to evolve, but confirmation of NS Power's ability to true up the related costs to ensure there are no duplicative costs paid by customers as a result of the transition.

Given the foregoing and the support for the GRA outcomes, NS Power submits this issue does not warrant further evidence in the hearing of this matter.

Issue

Capital Structure, Financing and Rate of Return, including compliance with s. 30(5)(b) of the Public Utilities Act requiring the Board to set different levels of return on equity for different classes of capital assets.

Comment

The proposed capital structure and financing costs of NS Power in the GRA are unchanged and are supported by customer representatives and the evidence of Concentric Energy Advisors, included in the GRA. Given the foregoing, NS Power submits this issue does not warrant further evidence in the hearing of this matter.

With regard to s. 30(5)(b) of the Public Utilities Act, the section reads:

> The Energy Board shall, with the assistance of such engineers, accountants, valuators, counsel and others as it deems wise or advisable to employ, set different levels of return on equity for different classes of capital assets of Nova Scotia Power Incorporated to ensure that investment incentives are aligned with ratepayer objectives as submitted to the Board in a hearing for a rate change.

This section expressly permits and requires the Board to act, when customer representatives submit objectives that would require a distinction to be drawn between classes of capital assets in order to ensure that investment incentives are aligned. This section is inapplicable to this GRA as all customer representatives are supportive of the continuation of NS Power's current capital structure and cost of financing.

Issue

A revised Storm Cost Recovery Rider pilot

Comment

The Storm Cost Recovery Rider pilot is currently asymmetrical in that it allows for the recovery of Level 3 and 4 storm OM&G restoration costs above those included in revenue requirement. The proposed revision would simply continue the pilot, but make it symmetrical by also allowing for any underspend of such costs to be returned to customers. The revision has been made in response to customer representative concerns in the 2023-2024 GRA and to ensure that the volatility created by severe weather events is more effectively and equitably addressed.

Furthermore, annual filings detailing storm costs and the rider applications themselves provide the Board and other stakeholders with the appropriate venue to test the relevant costs and the benefits of the continued operation of the rider.

Given the foregoing and the support for the GRA outcomes, NS Power submits this issue does not warrant further evidence in the hearing of this matter.

Issue

Rate Base

Comment

While the Board must approve the forecast rate base as part of this GRA, the material additions to NS Power's rate base are assessed as part of its Annual Capital Expenditure Plan filings pursuant to s. 35A of the Public Utilities Act and standalone applications under s. 35 of the Public Utilities Act. Therefore, the vast majority of NS Power's rate base has been or will be subject to Board review and approval. Given the foregoing and the support for the GRA outcomes, NS Power submits this issue does not warrant further evidence in the hearing of this matter.

Issue

Load Forecast for 2026 and 2027

Comment

As stated on page 24 of the GRA, the Load Forecast used in the GRA is the 2024 Load Forecast, filed with the Board in April 2024 (M11689) with the three updates noted on page 25. The 2024 Load Forecast was before the Board as a full paper hearing with information requests and evidence being submitted. The 2025 Load Forecast Report is currently before the Board as M12349. Given the foregoing and the support for the GRA outcomes, NS Power submits this issue does not warrant further evidence in the hearing of this matter.

Issue

Updated Line Loss Study

Comment

The Line Loss Study included in the GRA is the study that was developed as part of the Cost of Service Study consultative process that included all customer representatives, as well as Board counsel, Board counsel consultants, and Board staff, and was over a year long (M11475). Given the foregoing and the support for the GRA outcomes, NS Power submits this issue does not warrant further evidence in the hearing of this matter.

Issue

Updated Cost of Service Study and determination of Class Revenue Requirements (including revenue to cost ratios)

Comment

Like the Line Loss Study, the Cost of Service (COS) Study used in the GRA is the study that was developed as part of the fulsome COS consultative process that began in December 2023 (M11475) and is detailed in Appendix 12A and 12B of the GRA. As previously noted, Board counsel, Board counsel consultants, and Board staff were all involved in this process. Furthermore, the revenue-to-cost ratios used in determining the apportionment of costs are all within the established .95-1.05 ratio. Given the foregoing and the support for the GRA outcomes, NS Power submits this issue does not warrant further evidence in the hearing of this matter.

Issue

Income tax issues, including deferrals

Comment

While NS Power is requesting a deferral to address the potential for the regulated utilities exemption to the EIFEL rules not being enacted and appreciates the Board may have questions about this, NS Power is not aware of any specific income tax issues. Given the foregoing and the support for the GRA outcomes, NS Power submits "income tax issues" does not warrant further evidence in the hearing of this matter.

Issue

Rate design and proposed rates, including Domestic Service and Small General Customer charges, OATT, LIIR interruptible credit, DSM Rider

Comment

Other than the changes to the DSM Rider, the GRA does not propose any changes to the design of NS Power's rates, riders, or credits. Given the foregoing and the support for the GRA outcomes, NS Power submits the issue of rate design does not warrant further evidence in the hearing of this matter.

Issue

Accounting Policies

Comment

The GRA does not propose any changes to NS Power's Accounting Policies. Given the foregoing and the support for the GRA outcomes, NS Power submits this issue does not warrant further evidence in the hearing of this matter.

Issue

Working capital

Comment

NS Power has provided an independent Lead-Lag Study on this issue, conducted by ScottMadden, which has been filed with the GRA as SR-04. Given the foregoing and the support for the GRA outcomes, NS Power submits this issue does not warrant further evidence in the hearing of this matter.

Issue

Updated Depreciation Study, Regulatory Amortizations, and Deferrals, including GRA-related deferrals for Cost of Service Study, Line Loss Study and Climate Change Adaptation Plan, as well as a potential Port Hawkesbury Paper deferral, a potential EIFEL deferral, and potentially a deferral for a delayed securitization of $700 million of assets in the Decarbonization Deferral Account

Comment

NS Power understands and appreciates that the Board may have questions to ensure a full understanding of the proposed depreciation rates and requested deferrals; however, given the support for the GRA outcomes, NS Power submits this issue does not warrant further evidence in the hearing of this matter.

Issue

Proposed changes to NS Power Rules and Regulations, including new or increased miscellaneous charges, including, but not limited to, an AMI Opt-out fee and revised Pole Attachment fee

Comment

Other than the introduction of an AMI Opt-out fee and the associated changes to the Rules and Regulations to facilitate that introduction, NS Power is not seeking changes to its Rules and Regulations and it is not seeking any changes to how its miscellaneous charges are calculated.

The Board is familiar with the AMI Opt-out fee. The proposal for a fee has been before the Board on multiple occasions and was previously agreed to as part of the 2023-2024 GRA Settlement Agreement between NS Power and all customer representatives in that proceeding. The Board has also dealt with and approved an AMI Opt-out fee in the context of Halifax Water.

With regard to Pole Attachment fees, the proposed increases are consistent with those that were subject to a Settlement Agreement and approved by the Board in the 2023-2024 GRA and, as noted at page 88 of the GRA, have also been agreed to by the relevant telecom companies in relation to this GRA.

Given the foregoing and the support for the GRA outcomes, NS Power submits this issue does not warrant further evidence in the hearing of this matter.

Issue

Maritime Link Transmission Projects' inclusion in rate base

Comment

These four transmission assets were part of the 2023-2024 GRA process and were agreed by the parties to the 2023-2024 GRA Settlement Agreement to be included in rate base. However, the Board determined that the assets must meet the threshold test set out on pages 156-157 of its 2023-2024 GRA Decision.

At pages 59-61 of the GRA, NS Power has demonstrated that the threshold test has been met and therefore has included the assets in the test period rate base.

Given the foregoing and the support for the GRA outcomes, subject to the Board's confirmation that the threshold test has been met, NS Power submits this issue does not warrant further evidence in the hearing of this matter.

Issue

Securitization and credit rating issues

Comment

NS Power understands and appreciates that the Board may have questions to ensure a full understanding of the proposed securitization; however, it is important to note that the GRA is not seeking approval of the financing order that will facilitate securitization. Such an order will require a separate regulatory application and proceeding. The GRA is only making the assumption that it will happen and the GRA also contemplates the scenario where it does not happen or that it does not happen by January 1, 2025.

Given the foregoing and the support for the GRA outcomes, NS Power submits this issue does not warrant further evidence in the hearing of this matter.

Issue

Reliability plan

Comment

NS Power's Five-Year Reliability Plan was the subject of the 2025 ACE Plan Proceeding and will be subject to further assessment and consideration through the third-party review directed as part of the Board's decision in the 2025 ACE Plan Proceeding (M12012). Forecast investment in the GRA test period is consistent with the current plan and further review of the plan itself as part of the GRA would create redundant processes.

Given the foregoing and the support for the GRA outcomes, NS Power submits this issue does not warrant further evidence in the hearing of this matter.

Issue

Climate Change Adaptation Plan and Wildfire Mitigation Plan

Comment

These plans were filed as directed by the Board and were provided as part of the GRA to ensure the Board had the best information possible; however, NS Power is not seeking approval of either plan as part of the GRA process.

Given the foregoing and the support for the GRA outcomes, NS Power submits this issue does not warrant further evidence in the hearing of this matter.

Issue

Impact of Cybersecurity Breach on NS Power operations and costs

Comment

As stated on page 5 of the GRA, NS Power recognizes that the cybersecurity attack has impacted customers, and it is committed to limiting that impact as much as it can. To that end, this GRA does not include costs related to the cybersecurity attack. To be clear, the 2026-2027 revenue requirement forecast that forms the basis of this GRA was developed prior to the attack and it has not been adjusted in any way to account for costs arising from the attack.

Furthermore, there is an ongoing proceeding (M12273) which provides the appropriate venue for the Board to assess the cybersecurity attack and its impact on the prudency of NS Power's IT investment.

Given the foregoing and the support for the GRA outcomes, NS Power submits this issue does not warrant further evidence in the hearing of this matter.

Issue

How the application addresses the following:

a) competition and innovation in the provision of energy resources in the Province;
b) the development of a competitive electricity market;
c) the provision of safe, secure, reliable and economical energy supply in the Province; and
d) sustainable development and sustainable prosperity

Comment

These factors are set out in the *Energy and Regulatory Boards Act* (ERBA) at s. 6(2), where it states that the Board is to "give appropriate consideration" of them when approving rates, tolls, charges, tariffs, capital applications, or other matters and that it is to do so with the goal of approving such rates, tolls, charges, tariffs, capital applications, or other matters that are consistent with the purpose of the ERBA and the *More Access to Energy Act*.

Therefore, the Board must, as appropriate, consider these factors when making a decision, but an application itself need not address all or any of these in order to be approved by the Board. In NS Power's submission, the enumeration of these factors does not change the Board's mandate or alter what the Board has historically considered in the context of a general rate application and, as such, this "issue" should not be included in the Final Issues List.

Concluding Remarks

In closing, NS Power wishes to reiterate, from its September 2, 2025 letter, that the support of the customer representatives for the outcomes of the GRA is comprehensive, in that the parties do not require and are not seeking a process that provides an opportunity for them to make information requests or submit evidence.

NS Power thanks the Board for the opportunity to provide these comments and looks forward to continuing to work with the Board and customer representatives to ensure a regulatory outcome that is consistent with the parties' efforts in developing the GRA.

Yours truly,

Blake Williams
Senior Director Regulatory