M12451

NOVA SCOTIA ENERGY BOARD

IN THE MATTER OF: **THE PUBLIC UTILITIES ACT**

- and -

IN THE MATTER OF: **A GENERAL RATE APPLICATION** by **NOVA SCOTIA POWER INCORPORATED** for approval of certain revisions to its Rates, Charges and Regulations

INFORMATION REQUESTS

To: **Blake Williams**
Senior Director, Regulatory Affairs
Nova Scotia Power Inc.
By email: blake.williams@nspower.ca

From: Board Counsel Consultant – **Morrison Park Advisors**

Responses Due: **Wednesday, November 5, 2025**

Copies: 1 electronic copy (PDF searchable)

Contact Person:

Pelino Colaiacovo, Managing Director
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Issued at Halifax, Nova Scotia, this 22nd day of October, 2025.

Crystal Henwood

Crystal Henwood, Clerk of the Board

Request IR-1:

References: PARTIALLY CONFIDENTIAL 2026-2027 GRA CS-01-CS-03 Attachment 1

Question:

(a) Please provide all source information, formulas and (if necessary) models used to calculate the financial results and ratios presented on lines 8 through 20 of the attachment.

(b) Please present an alternate version of this attachment which assumes that the planned securitization of DDA assets does NOT proceed, and the DDA assets remain in ratebase. Please note the changes required to the source information and formulas which are required to prepare these alternate results.

Request IR-2:

References: Direct Evidence p. 64:

"NS Power currently has access to a syndicated revolving bank line of credit."

Question:

Please provide a copy of this credit agreement.

Request IR-3:

References: Direct Evidence p. 65:

"NS Power plans to continue participating in the Commercial Paper market throughout 2026-2027. The 2026 forecast monthly average short-term rate is in the 3.15 to 3.25 percent range, and the 2027 forecast monthly average short-term rate is 3.25 percent. A further credit rating downgrade would result in the inability to access the Commercial Paper market and significant incremental cost, as NS Power's revolving line of credit rates would typically be more than 100 basis points (one percentage point) higher than Commercial Paper rates on average."

Question:

(a) Please provide the sources relied on to estimate short-term credit costs in 2026 and 2027.

(b) Please provide analysis to substantiate the claim that revolving line of credit rates would be more than 100 basis points more expensive than commercial paper. If this analysis relies on historical market data, please provide at least three years of data to substantiate the claim.

Request IR-4:

References: Direct Evidence p. 65:

> "in Q4 2022, NS Power applied to its securities regulators for exemptive relief to permit it to resume its commercial paper program with its lower credit ratings. On February 9, 2023, the securities regulators granted the requested relief"

Question:

Please provide copies of the NS Power application in this matter, and the decision referred to.

Request IR-5:

References: PARTIALLY CONFIDENTIAL 2026-2027 GRA CS-01-CS-03 Attachment 1

Preamble: In 2026 and 2027, in both the "Present Rates" and "Proposed Rates" scenarios, NS Power is estimating that the ratio of long-term to short-term debt will be between 10:1 and 13:1. This differs significantly from the ratios for 2024 and 2025.

Question:

(a) Please provide historical information providing context for these ratios. Please provide the annual ratio for long-term to short-term debt for each of the 10 years ending December 31, 2024. Please also provide the average ratio for this ten-year period.

(b) Please comment and expand on why NS Power is proposing greater use of short-term debt in 2026 and 2027, and under what conditions this intention may change.

Request IR-6:

References: Direct Evidence p. 68:

> "However, this forecast assumes approval of the rates requested in this Application and a successful securitization of the net book value of the thermal assets. Absent an increase in general rates and successful securitization, NS Power forecasts that the S&P and DBRS metrics would deteriorate and be below the minimum 10 percent cash flow to debt threshold by 2027. This could result in NS Power no longer having access to the commercial paper market and would have other negative implications for the Company's credit ratings, borrowing costs, required return and therefore, cost of equity and access to capital."

Question:

(a) Other than access to commercial paper (already discussed in the Direct Evidence), and the interest rate associated with the projected $250 M capital raise in 2027, please provide specific references to line items in the NS Power financial statements that may be affected by a deterioration in the Company's credit rating.

(b) Please provide commentary to support the statement that failure to achieve "the minimum 10 percent cash flow to debt threshold" will have negative implications for the Company's credit ratings and borrowing costs, given that the current credit rating may be in part a result of NS Power having been below that threshold in the years 2022 and 2023.

Request IR-7:

References: Direct Evidence p. 13:

"When put into effect, this approach could save customers as much as $90 million over 2026-2027 by removing these assets from NS Power's rate base and financing them through lower-cost debt."

Question:

Please provide all assumptions and calculations which result in a potential savings of $90 M for ratepayers.

Request IR-8:

References: Direct Evidence p. 72:

"*Maintaining* [emphasis added] the current approved common equity ratio is particularly important to maintaining NS Power's current credit ratings given the significant capital investments required over the remainder of the decade. Although NS Power earns AFUDC during the construction phase of projects, AFUDC is non-cash; it contributes to NS Power's earnings, but it does not contribute to NS Power's cash flow. As such, significant capital projects result in a deterioration in credit metrics during construction, as debt increases to fund the debt component of the capital structure, with no corresponding increase in cash flow until the project is placed in service. Therefore, *the increase* [emphasis added] in the common equity ratio is imperative to ensure NS Power improves its current credit ratings such that it has the financial integrity to attract the capital necessary to fund these transformational capital investments."

Preamble: As described in this paragraph, it is undoubtedly true that during the course of very large and time-consuming construction projects, cash flow-to-debt financial metrics may suffer for a utility. However, typical credit analysis is generally far more extensive than a narrow focus on selected credit metrics, and the transitory effect of construction projects.

Question:

(a) Please clarify the intention of references to “maintaining” and “increasing” the equity ratio in the context of this paragraph of the Direct Evidence.

(b) In the context of the capital structure, equity return and customer rates applied for in this Application for 2026 and 2027, please define the size and scope of a capital project that would risk causing a reduction in credit ratings for NS Power, according to the logic of this paragraph. Please provide the calculation of financial metrics to support the argument presented.

(c) Please confirm whether projects of that size and scope are currently planned by NS Power.

Request IR-9:

References: Direct Evidence p. 67

“NS Power’s senior unsecured debt is currently rated BBB- with a Stable Outlook by S&P Global (“S&P”) and BBB (high) with a Stable Trend by DBRS.”

Question:

For each of S&P and DBRS, please provide copies of the credit rating report in which NS Power’s current rating was established, and all subsequent reports/updates/guidance concerning NS Power published by the agencies to the present day.