

NOVA SCOTIA ENERGY BOARD

IN THE MATTER OF: *THE PUBLIC UTILITIES ACT*

- and -

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

TRANSCRIPT

HEARD BEFORE: Mr. Stephen T. McGrath, K.C. Chair
 Mr. Roland A. Deveau, K.C., Vice Chair
 Mr. Steven M. Murphy, MBA, P.Eng., Member

PLACE HEARD: Offices of the Nova Scotia Energy Board
 1601 Lower Water Street, 3rd Floor
 Halifax, Nova Scotia

DATE HEARD: Friday, January 9, 2026

APPEARANCES:

APPLICANT: **Nova Scotia Power Inc. (NSP)**
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 Ms. Jennifer Power, Counsel
 Mr. Geoffrey Breen, Counsel
 Mr. Blake Williams, Senior Director, Regulatory
 Affairs

INTERVENORS:

Consumer Advocate

Mr. David J. Roberts, Counsel

Mr. Michael Murphy, Counsel

Small Business Advocate

Ms. Melissa P. MacAdam, Counsel

Ms. Rebekah L. Powell, Counsel

Affordable Energy Coalition

Mr. Peter Duke

Mr. Chris Benjamin

Eastward Energy Incorporated

Ms. Allison Coffin, MBA, P.Eng.

Ms. Angela Costello, Regulatory Analyst

EfficiencyOne

Mr. James Gogan

Ms. Lucia Westin-Eastaugh

Industrial Group

Ms. Nancy G. Rubin, K.C., Counsel

Ms. Brianne Rudderham, Counsel

**Municipal Electric Utilities of Nova Scotia
(MEUNS)**

Mr. James MacDuff, Counsel

Natural Forces

Mr. Austen Hughes

Ms. Meg Morris

Nova Scotia Department of Energy

Mr. Daniel Boyle, Counsel

Mr. Girish Patel

**Nova Scotia Independent Energy System
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Mr. James MacDuff, Counsel

Ms. Melanie Gillis, Counsel

Renewall Energy Inc.

Mr. Daniel Roscoe, P.Eng.

SWEB Development

Mr. Mason Baker, P.Eng.

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Mr. Jeff Goodine, Information Systems Technician

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Ottawa, Ontario

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Halifax, Nova Scotia

--- Upon commencing on Friday, January 9 at 9:00 a.m.

THE CHAIR: Good morning, everyone.

Any preliminary matters anyone wishes
to raise before we move into questions by Board counsel?

Thank you.

MR. MAHODY: Just one -- well, two,
Mr. Chair.

First, the résumés -- CVs of the two
Bates White witnesses, I've provided those to Mr. Goodine,
and I would ask that they be marked as exhibits. I think
we're up to Exhibits 53 and 54.

THE CHAIR: Thank you, Mr. Mahody.

--- EXHIBIT NO. 53:

CV of Vincent Musco, Bates White

--- EXHIBIT NO. 54:

CV of Karen Morgan, Bates White

MR. MAHODY: And secondly, in relation

1 to the Undertaking U-12, the model, I just wanted to put
2 on the record that last evening, counsel for Nova Scotia
3 Power contacted me and provided me with a PDF version of
4 the model. My understanding is there's an Excel version
5 of the model that is going to be produced this morning.

6 From Board counsel's perspective, it
7 is important that we receive that Excel version while a
8 Nova Scotia Power panel is still live, in the event that
9 we have any questions in relation to that Excel model, but
10 I just wanted to raise that. I don't anticipate that
11 being an issue for timing. If we get the model this
12 morning, I'm quite sure this panel will still be with us,
13 but I wanted to raise that. I think that's consistent
14 with my discussions, exchanges with Ms. Power last night
15 but, if not, she could let you know.

16 **MS. POWER:** That's consistent, Mr.
17 Chair. I don't have an update from Mr. Wiedmayer yet on
18 the Excel, but we're working on it.

19 **THE CHAIR:** Thank you.

1 MR. MAHODY: All right. Thank you,
2 Mr. Chair.
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1 JONATHAN MacINTOSH, Previously Affirmed:

2 CRAIG FLEMMING, Previously Affirmed:

3 BLAKE WILLIAMS, Previously Affirmed:

4 MICHAEL WILLETT, Previously Affirmed:

5 DRAGAN PECURICA, Previously Affirmed:

6 CROSS-EXAMINATION BY MR. MAHODY

7 Q. Good morning, panel.

8 Mr. Pecurica, congratulations on the
9 25 years with Nova Scotia Power.

10 A. (Pecurica) Thank you, Mr. Mahody.

11 Q. You get to a certain stage where
12 you really do appreciate those timelines. I'm there.

13 All right. Mr. Williams, from the
14 evidence, it appears clear that Nova Scotia Power was
15 ready to file a rate case in April of 2025. Am I
16 understanding that correctly?

17 A. (Williams) I think what the
18 evidence would indicate is that a form of application, not
19 a final application, was -- part of the discussions with

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1 customer representatives informed those discussions, but I
2 wouldn't say that Nova Scotia Power was necessarily ready
3 to file at that point.

4 Q. Okay. Was your expert evidence
5 prepared as of that time?

6 A. (Williams) My pause is just to go
7 through mentally a checklist of the expert evidence, so
8 certainly as we've discussed, the Concentric report
9 predated that period that you're discussing. The
10 depreciation report would have been part of that as well.
11 And then the Elenchus work was part of the cost of service
12 -- ongoing cost-of-service process, and it was completed
13 as part of that.

14 So I think in answer to your question,
15 I'm safe to say that, yes, all of those -- all those
16 pieces of work were completed at or before that time.

17 Q. Okay. And by at least April of
18 2025, it was Nova Scotia Power's view that new rates would
19 be required as of January 1st, 2026. Is that correct?

1 **A.** (Williams) So I think -- I think
2 we knew of the potential for that, Mr. Mahody. I think,
3 as we've discussed, there's been many different avenues
4 that we have pursued to try to reduce costs and the
5 potential for a rate increase as much as possible. And
6 certainly part of those efforts includes the discussions
7 we had with customer representatives to understand their
8 perspective and understand their feedback in relation to
9 some of those avenues and those mechanisms.

10 So I don't think we knew definitively,
11 no. I think we knew the potential and hence the
12 initiation of the discussions.

13 **Q.** But your -- the company knew in
14 April of 2025, for instance, that it was projecting a
15 revenue requirement in '26, in '27 in the range of \$2
16 billion. It was aware of that, wasn't it?

17 **A.** (Williams) I think, as I said,
18 Mr. Mahody, we knew of the potential need for a rate
19 increase. There's a number of different avenues that have

1 | been pursued and were being pursued to reduce costs and
2 | rate pressure, so I think I'm going to be repeating my
3 | answer again, but ---

4 | **Q.** And I understand that and I hear
5 | you saying -- and that is an ongoing obligation to kind of
6 | continue to find and keep the revenue requirement to the
7 | minimum. But I just want to be clear that as of April
8 | 2025, you appreciated that your existing revenue
9 | requirement was not going to sustain the company in '26
10 | and '27.

11 | **A.** (Williams) Yes. As I said, we
12 | knew of the potential for the need for a rate increase,
13 | yes.

14 | **Q.** And that potential was enough
15 | that you had aligned your experts, you were taking the
16 | steps you would normally take to move towards a rate case.

17 | **A.** (Williams) Well, I guess my
18 | hesitation is in that the Depreciation Study was a
19 | direction from the Board to be completed by the end of --

1 I was going to say this year, but 2025, in any event, same
2 as cost of service.

3 Q. That direction was to prepare it
4 in advance of your next GRA no later than December 31,
5 2025, right?

6 A. (Williams) Correct.

7 Q. Yeah. And so having it ready by
8 April of 2025 is an indication that you're getting ready
9 to make -- to bring a rate case.

10 A. (Williams) No, it's an indication
11 that we were complying with the Board directive to bring
12 forward a Depreciation Study no later than the end of
13 2025.

14 Q. Okay. And why did the company
15 choose to not file the rate case in April of 2025?

16 A. (Williams) Well, as I said, we
17 knew of the potential. We weren't prepared to file
18 without first having the discussions that we did have and
19 going through that consultative process with our customer

1 | representatives. We felt that it was important in that
2 | the potential for a rate increase provided the opportunity
3 | to have a broader discussion with customer representatives
4 | and ensure that we understood their perspectives on it and
5 | that, to the extent we were going to proceed with a
6 | request for a rate increase, that it fully incorporated
7 | those perspectives and, to the best -- to the best of our
8 | ability, brought a request forward with support of
9 | customer representatives.

10 | Q. But there was an option for the
11 | company to file its rate case and then have those same
12 | discussions with the various ratepayer advocates, was
13 | there not?

14 | A. (Williams) Yeah. I think you're
15 | right, Mr. Mahody. We could have developed our own rate
16 | ask without input from customer representatives. We felt
17 | that it was important to bring an application forward that
18 | was reflective not just of Nova Scotia Power's
19 | perspectives, but of customer perspectives as well. And I

1 | would -- I would suggest that's something we are always
2 | attempting to do.

3 | In this instance, we felt we had the
4 | opportunity to be more proactive in that respect and
5 | include those perspectives to a greater extent than
6 | perhaps in the past but include those in the filing.

7 | **Q.** Okay. But you agree that in past
8 | General Rate Applications, when Settlement Agreements have
9 | been presented to the Board, those rate applications have
10 | been initiated, there have been review processes
11 | undertaken. Oftentimes there's been evidence filed by
12 | various parties and, at that point, a Settlement
13 | Agreement, at times, has been reached.

14 | That would be the more traditional
15 | course of the route towards settlement in this
16 | jurisdiction. Do you agree?

17 | **A.** (Williams) I absolutely would
18 | agree. And I'd suggest it's not just within this
19 | jurisdiction; it's probably in other jurisdictions as

1 well.

2 And I think I spoke to this earlier in
3 the hearing, Mr. Mahody, when we talked about, you know,
4 the distinction with this as compared to, you know, other
5 practices or past practices, perhaps, and your reference
6 to it being a Settlement Agreement. And again, I'm not
7 speaking for customer representatives when I speak of this
8 distinction. It's how we view it, is when you speak of a
9 Settlement Agreement you're settling something. There's
10 been a dispute and you're settling it. And that's, I
11 think, more akin to how you would frame it in those other
12 instances, where you've brought forward an application and
13 there's disputes about the aspects of the application and
14 you settle those disputes.

15 What we were attempting to do is, was
16 come forward with an Application that was, not settling
17 things, it was coming forward with a consensus view, and
18 that consensus is reflected in the proposed outcomes or
19 the requested outcomes of the General Rate Application.

1 So there is that distinction.

2 I would agree with you that this is a
3 unique and a different circumstance, and I think I've
4 spoken to the unique nature of that previously.

5 [9:09:58] Q. Two questions following on from
6 that, Mr. Williams. First off, the consequence of having
7 the discussions with the customer reps that you did
8 resulted in this application for a GRA not being filed
9 until September 18th of 2025; correct?

10 A. (Williams) Yeah, that's --subject
11 to check, I believe that was the date that we filed. We
12 certainly filed a letter prior to that. I can't recall
13 the date of that exactly, I think it was maybe
14 September 2nd, where we notified the Board and the public
15 that those discussions had been ongoing.

16 Q. Sure.

17 A. (Williams) But yeah, I believe
18 those dates are correct.

19 Q. So the Application filed

1 September 18th with a request for new rates to be in effect
2 as of January 1st, 2026.

3 **A.** (Williams) Yes, sir.

4 **Q.** And Mr. Williams, is it Nova
5 Scotia Power's position that the Board should weigh the
6 Consensus Agreement differently because it was reached
7 before a public process was initiated?

8 **A.** (Williams) I don't think the
9 weight that would be attributed to the Consensus
10 Agreement, or the Application, being made on a consent
11 basis is, I don't think it has much to do with when the
12 agreement was reached. I think it has everything to do
13 with the consensus nature of it itself.

14 So when I talk about the weight that
15 is to be attributed to a Settlement Agreement, or a
16 Consensus Agreement, whatever we want to refer to it as, I
17 think what's important in that discussion is that you have
18 customer representatives who are doing just that,
19 representing the interests of their clients or their

1 customers, and to the extent that they believe an
2 agreement is in their customers' best interests, then I
3 think the Board can attribute weight to that; as we've
4 discussed, it's ultimately up to the Board to determine
5 how much weight. But the weight that is attributed to it,
6 I believe results from the consensus, or agreement, the
7 nature of that, not so much the timing.

8 Q. Just -- my question wasn't going
9 -- it didn't mean to go so much to timing as it did to
10 kind of the sequence and the point at which the Settlement
11 Agreement occurred. And as we've already discussed in the
12 normal course there would be a, I'll call it a full --
13 near full record, subject to the oral hearing that might
14 go on, when other settlement agreements have been reached.
15 But in this case, the Settlement Agreement was reached
16 even prior to the Application being filed with the Clerk's
17 Office, and in that situation, should the Board give it
18 different weighing to a Settlement Agreement, from the
19 company's perspective?

1 A. (Williams) Sorry, Mr. Mahody,
2 could you just ask the question again?

3 Q. You had mentioned about when a
4 Settlement Agreement is achieved, the timing of it, that's
5 not really the issue from Nova Scotia Power's perspective.
6 I was driving more at the point if in the event of a -- in
7 a -- within a public process, in the traditional manner in
8 which settlement agreements have been reached in this
9 jurisdiction on a full record that's before the Board,
10 other than the oral hearing, that's one scenario. I'm
11 comparing that to this scenario, where the Settlement
12 Agreement is reached before the filing is even made. In
13 that scenario, is there not a difference in weight to be
14 given to those two settlement agreements, from the
15 company's perspective?

16 A. (Williams) No, I wouldn't think
17 so. I -- when you say a full record, I'm not exactly sure
18 what you mean what you mean by a full record. I would
19 understand a full record to be a complete application.

1 There's filing requirements that go
2 with the General Rate Application, and it would be my
3 expectation and our understanding that those filing
4 requirements are designed to ensure that there is a full
5 record before the Board. So, you know, whether we file a
6 General Rate Application, and there's consensus before or
7 after that filing, there could be a Settlement Agreement
8 reached at any point in that process, even if there isn't
9 consensus before the filing, and it's also the election of
10 any party that's involved to file evidence or ask IRs.
11 There's no -- nothing that stipulates or requires there to
12 be more on the record ---

13 Q. Yes, fair enough.

14 A. (Williams) --- than what the
15 Application would be.

16 Q. Just on that point about no party
17 being restricted from filing IRs. The nature of the
18 Settlement Agreement among -- with your ratepayer
19 advocates, though, had provisions in it regarding

1 participation in the rate case.

2 **A.** (Williams) So it -- when I said
3 there's nothing that restricts, I was talking to a
4 scenario where there hasn't been a Settlement Agreement,
5 and that your term of a full record, again I'm not sure
6 what a full record would mean; again, my view would be
7 that that's a full, complete Application.

8 **Q.** Okay.

9 **A.** (Williams) Whether or not there's
10 evidence on the record that is different than the
11 Application is circumstantial and would depend on the
12 proceeding in the matter.

13 **Q.** Just to be clear, my reference to
14 a full record was meant to refer to the record that exists
15 before the gavel falls on the first day of a hearing.
16 That record. That's the type of record oftentimes that's
17 available when settlement agreements have been reached.

18 This case, it's different, and
19 everyone, I think, appreciates the difference. I'm just

1 asking whether the company has a view about how should
2 that difference, if at all, be factored into a review of
3 that agreement?

4 **A.** (Williams) And I guess my point
5 is that other than a complete Application, whether there's
6 anything else on the record in addition to that is not
7 within the control of the company, or the Board, quite
8 frankly. And so it -- I don't believe it should matter.
9 The full record is the Application as it stands. To the
10 extent there is parties that disagree with that or feel
11 the need to put additional evidence on, that's their
12 prerogative, but the full record is, in my view, the
13 Application, the complete Application that fulfills the
14 filing requirements.

15 **Q.** Okay. I understand that a full
16 Application answering the filing requirements is Nova
17 Scotia Power's view of a record, but the record in one of
18 these proceedings, you appreciate, there is all of the IRs
19 that Intervenors would normally ask, there's the evidence

1 | that Intervenor would normally put forward. That's the
2 | type of record that exists just before the gavel falls on
3 | day one.

4 | **A.** (Williams) Well -- and I'm not
5 | disputing that is the typical process, sir. I guess my
6 | point is just that a full record is -- it depends on the
7 | matter. And in this instance, where you have a Consensus
8 | Agreement, where the parties are putting forward a
9 | consensus approach, my suggestion to you that the full
10 | record is the Application as it's been filed with the
11 | support of those parties.

12 | **Q.** Okay. Question, Mr. Williams, on
13 | securitization. Yesterday, you provided a detailed
14 | outline of the tasks undertaken by Nova Scotia Power to
15 | advance securitization, and that NSP is effectively
16 | awaiting that regulatory change. Are there any tasks that
17 | Nova Scotia Power has left to accomplish in order to move
18 | forward with securitization?

19 | **A.** (Williams) Yes. So I -- so in

1 terms of being able to move forward with an Application to
2 the Board, it's just as you had indicated, the
3 regulations. Obviously, then, there would need to be an
4 Application, as we've indicated to the Board, for what's
5 referred to under the yet-to-be-proclaimed sections of the
6 PUA, the findings and order that would facilitate the
7 securitization. Once that's in place, there would then
8 need to be a number of steps to actually go out to market
9 and put into effect the securitization.

10 But I assume what you mean is to kind
11 of move it forward from a regulatory perspective, and that
12 is the full nature of those steps, which is simply
13 bringing forward that application to the Board once the
14 Regulations permit it.

15 Q. At this stage, nothing left
16 undone by Nova Scotia Power to move forward with
17 securitization?

18 A. (Williams) Subject to what I've
19 just said, bringing forward an Application, but that

1 Application can't be brought forward until ---

2 Q. Okay.

3 A. (Williams) --- we have the
4 regulations on which to base it.

5 Q. Okay. My next -- I just have
6 some questions flowing from the evidence of three of the
7 Board counsel consultants. The first is Grant Thornton --
8 Doane Grant Thornton.

9 And if I could go to Exhibit N-33, Mr.
10 Goodine, PDF page 16, please.

11 (SHORT PAUSE)

12 **BY MR. MAHODY:**

13 [9:20:43] Q. At the top of that page the
14 bullet that's there -- and this section is talking about
15 information technology, and Grant Thornton has identified
16 that a savings challenge of \$1 million was included in the
17 2026 forecast. The savings challenge that's being
18 referred to there, do any of the panel members have some
19 additional information about what it was that the IT

1 Department was doing that's being referred to as a savings
2 challenge?

3 **A.** (Flemming) I can speak to that,
4 Mr. Mahody. And what it really was, was a department
5 initiative that was put forth to that department by the
6 leadership team of that department in order to find some
7 savings. In terms of where those savings will come from,
8 not set in stone, not certain, but there was some ideas
9 for some potential savings that the company could achieve,
10 and therefore they were given that challenge in order to
11 find additional savings and pass those on to customers.

12 **Q.** And, Mr. Flemming, has that
13 effort been replicated in the various other Nova Scotia
14 Power departments?

15 **A.** (Flemming) So, yes. So Nova
16 Scotia Power, in terms of how it completes its forecast
17 for the GRA period, it goes through numerous steps. So
18 bottom-up budgeting for the years for the test period.
19 The teams put forth their suggested costs that they expect

1 | that they'll need in order to provide the level of service
2 | that they believe customers expect from Nova Scotia Power.
3 | And those are challenged, and so those go through multiple
4 | levels of review in order to provide value to test those
5 | to make sure that every dollar that's in those budgets are
6 | required by customers. And so in most cases the savings
7 | are identified or, you know, there's cuts made to certain
8 | areas.

9 | In terms of this specific savings
10 | challenge, it wasn't clear exactly where that additional
11 | savings would be able to come from, but the team committed
12 | to continuing to work to try to find additional savings to
13 | reduce Nova Scotia Power's revenue requirement.

14 | **Q.** And so the savings challenge in
15 | the IT Department, is that like a documented program that
16 | the company -- that the IT Department has?

17 | **A.** (Flemming) No, I don't believe it
18 | is, Mr. Mahody.

19 | **Q.** Next in the Grant Thornton report

1 | could we turn to page, I think it's PDF46?

2 | **MR. MAHODY:** I'm sorry, Mr. Goodine,
3 | I'm working from the confidential version, which sometimes
4 | has a bit of a different page, I think. If we go to --
5 | I'm looking for Section 3 Part VI taxes. Down at the
6 | bottom of that page. Yes, there it is. Thank you.

7 | **BY MR. MAHODY**

8 | **Q.** Mr. Flemming, I think this is for
9 | you as well. Doan Grant Thornton indicates that:

10 | We requested detail from the Company on why
11 | Part VI.1 taxes would be included in
12 | regulated income taxes when directed by the
13 | Board in the GRA decision to exclude them.

14 | Can you just provide the company's
15 | view of these Part VI taxes and why what is being applied
16 | for to be included in revenue requirements is being done?

17 | **A.** (Flemming) Sure. Just one
18 | moment, please, Mr. Mahody.

19 | **(SHORT PAUSE)**

20 | **MR. FLEMMING:** Mr. Mahody, I believe
21 |

1 Nova Scotia Power provided a response to an information
2 request on this matter. I don't -- I'm not able to seem
3 to locate that at the moment. My understanding is that
4 the Part VI.1 tax deductions included here, as we say, do
5 not relate to the tax deductions transferred from Emera,
6 and they're not what has been directed by the Board to be
7 excluded from Nova Scotia Power's revenue requirement. If
8 more information is required I'd likely have to take that
9 away, Mr. Mahody.

10 **BY MR. MAHODY:**

11 **Q.** The question, as I understand it,
12 is why the preferred share dividend amounts can't be
13 excluded from regulated financial statements and why
14 they're not being excluded. And I'm happy for you to take
15 that as an undertaking, if you can.

16 **A.** (Flemming) I think probably best
17 for me to do so, Mr. Mahody.

18 **THE CHAIR:** That will be Undertaking
19 U-16.

1 UNDERTAKING U-16 - To advise why
2 preferred share dividend amounts
3 cannot be excluded from the
4 regulated financial statements or
5 why they're not being excluded

6 MR. MAHODY: Mr. Chair, that's in
7 relation to PDF 46, Item 3 of the Grant Thornton report and
8 a request as to why preferred share dividend amounts
9 cannot be excluded from the regulated financial statements
10 or why they're not being excluded.

11 THE CHAIR: Thank you, Mr. Mahody.

12 MR. MAHODY: Mr. Goodine, could we
13 call up Exhibit N-35? Sorry, Mr. Goodine, I was looking
14 for the Morrison Park report, and I've given you the wrong
15 exhibit number. N-36. Thank you.

16 BY MR. MAHODY:

17 Q. So this is a report filed in this
18 matter on December 2, 2025 by Morrison Park Advisors on
19 behalf of Board counsel. Mr. Flemming, you've had an

1 opportunity to review this report?

2 **A.** (Flemming) I have, Mr. Mahody.

3 **Q.** And can I take you over to PDF
4 page 25. And here Morrison Park, beginning at line 7
5 provides, it's opinion that:

6 The entirety of the proposed rate increase
7 may not be required to support NSPI's
8 existing credit rating. It may be possible
9 to trim the rate increase requests
10 marginally without placing undue risk on the
11 credit rating. On the other hand, pursuing
12 higher credit ratings for NSPO may not be
13 worth the cost for ratepayers...

14
15 And with those two conclusions, that
16 there may be some room to trim and that increasing rates
17 in order to improve the credit rating may not be worth it
18 for ratepayers, do you -- what is the company's view of
19 those opinions of Morrison Park?

20 [9:30:08] **A.** (Flemming) Mr. Mahody, I
21 understand the viewpoint from Morrison Park. So I think
22 the first point that I would make is that this General
23 Rate Application is not -- the request for increased
24 revenue by Nova Scotia Power is not directly tied to

1 improving the company's credit metrics, and therefore
2 credit rating. It really is about having enough revenue
3 in order to cover the company's cost of service.

4 I do think that improving the
5 company's credit metrics, and hopefully being on the track
6 to improving the company's credit rating, as it is below
7 investment grade right now on a standalone basis, I do
8 think that that is important, and I think that that is a
9 -- I think that would be a good byproduct of this General
10 Rate Application, because the company currently accesses
11 the commercial paper market on the basis of an exemptive
12 relief. So I do think, with an eye towards 2028,
13 improving those credit metrics and showing that path, that
14 trajectory back to improved credit -- improved credit
15 strength for Nova Scotia Power, I do think that's
16 important, but the rate ask really is around covering the
17 company's cost of service in order to provide the service
18 to customers that we believe they expect.

19 Q. But if you were to view the rate

1 | increase from the perspective of what its impact is on the
2 | credit metrics that you're referring to, Morrison Park has
3 | made the comment that you may be able to trim some of that
4 | revenue requirement without impacting the credit metrics,
5 | as I understand it. Do you -- first off, is that how you
6 | view that portion of Morrison Park's comment?

7 | A. (Flemming) I think that's what
8 | they're saying, but again, it's -- the intent and focus is
9 | to put forth a cost of service. Again, it's not the --
10 | the Application is not to increase credit metrics or
11 | credit ratings. If Morrison Park believes that Nova
12 | Scotia Power would not be on track to increase credit
13 | ratings and doesn't believe that the company should be
14 | looking to get back to the credit rating, or closer to the
15 | credit ratings that it previously had in order to continue
16 | to access the commercial paper market, potentially, from a
17 | credit metrics standpoint, yeah, there's a range. There's
18 | certainly a range that the company can be within. But
19 | again, lowering that range would not allow the company to

1 recover its cost of service.

2 A. (Williams) Mr. Mahody, I was
3 going to maybe add to that a little bit. And I think
4 we're having the wrong discussion because the wrong
5 question is being asked by Morrison Park.

6 As Mr. Flemming had indicated, this is
7 not about revenue requirements not developed to meet the
8 credit metrics. The credit -- an appropriate credit
9 metric is a function of a fully funded utility. And so
10 that's what this Application is about, is about developing
11 what the revenue requirement is and then determining what
12 amount of that revenue requirement is appropriate to be
13 included in electricity rates. And so it's a bit of a
14 cart or horse discussion, perhaps, but in our view,
15 Morrison Park is asking the wrong question.

16 Whether or not we agree with their
17 view on that question is a different matter as well, but I
18 think it's the wrong question to be asked in the first
19 place.

1 Q. I suppose it will be up to the
2 Board to determine whether or not Morrison Park, in their
3 37 pages of evidence, has answered the right question or
4 not, but let me focus in on ---

5 A. (Williams) Just to be clear,
6 sorry, Mr. Mahody, I didn't mean to interrupt, but I want
7 to be clear on we are not suggesting that, you know,
8 anything in the 37 pages of evidence is not relevant or
9 not the appropriate discussion to be having, but that
10 question, in and of itself, from our perspective, that's
11 not what this Application is about. We're not asking for
12 a revenue requirement to meet a certain credit metrics.
13 We're asking for a revenue requirement that fulfills the
14 cost of service.

15 Q. I understand, but you have also
16 highlighted for this Board, in this Application and on
17 other occasions, the importance -- the understandable
18 importance of those credit metrics, right?

19 A. (Williams) We certainly have,

1 yes.

2 Q. Okay. And what Morrison Park has
3 identified is that there may be some ability to adjust
4 revenue requirement, and I appreciate that's a different
5 issue, but just to know about the sensitivity to doing
6 that, Mr. Flemming, have you analyzed what is that range
7 that a change in your revenue requirement could occur,
8 that it would not set those credit metrics offside, so to
9 speak?

10 A. (Flemming) So Mr. Mahody, it's a
11 difficult question to answer from my perspective, because,
12 again, Nova Scotia Power, on a standalone basis, is not
13 investment grade, from a credit rating perspective.

14 You know, so the company has shown in
15 its Application the projection of its cashflow to debt
16 credit metrics in a with and without rates situation.

17 So it's difficult for me to answer
18 because I'm not sure, when we say "offside" from a credit
19 metrics perspective if we're talking about the range that

1 | would be above our current range right now, above 13
2 | percent, where Nova Scotia Power was -- has been
3 | traditionally, or in the current range.

4 | And the other thing that I would say
5 | is that the credit rating agencies don't look at solely
6 | the credit metrics. That is one of the factors. It also
7 | looks at other qualitative factors -- excuse me, other
8 | quantitative factors and qualitative factors around the
9 | business risk, the regulatory environment, that type of
10 | that.

11 | So it would be a difficult question to
12 | answer, Mr. Mahody, if I'm looking at just one measure of
13 | that in isolation.

14 | **Q.** But Mr. Flemming, as Nova Scotia
15 | Power considers its FFO-to-debt ratio as applied for, if
16 | you receive the rates -- the revenue requirements you
17 | applied for, that FFO-to-debt ratio is going to be in the
18 | range of what?

19 | **A.** (Flemming) Nova Scotia Power

1 projects that the FFO-to-debt ratio for 2026, now this is
2 provided the GRA is approved exactly as applied for, rates
3 January 1, that type of thing, so that's the information I
4 have, Mr. Mahody, would be a little bit under 13 percent.
5 And then by 2027, would return to 13.5 percent, which is
6 more in the traditional range of Nova Scotia Power, but
7 again, not a lot of buffer, I would say, to be back in
8 that range of 13 percent-plus, which is what the credit
9 rating agencies have communicated would be where Nova
10 Scotia Power would need to be to be on the trajectory or
11 on that path towards a potential upgrade to being
12 investment grade on a standalone basis.

13 Q. And in the last couple of years
14 in which reports are available, say for the year ending
15 2024, year ending 2023, what was the FFO-to-debt ratio for
16 Nova Scotia Power?

17 A. (Flemming) Just one moment
18 please, Mr. Mahody.

19 (SHORT PAUSE)

1 **MR. FLEMMING:** On an overall basis,
2 Mr. Mahody, roughly in the 10 to 11 percent range, with
3 some -- a little bit of plus or minus there, but overall
4 in that range.

5 **BY MR. MAHODY:**

6 **Q.** And within the last year and a
7 half or so, one of the two credit ratings agencies had
8 made a modification to Nova Scotia Power's credit rating;
9 is that correct? It moved from a stable -- from a
10 negative to a stable?

11 **A.** (Flemming) So slight
12 clarification, it improved its outlook from negative to
13 stable for Nova Scotia Power. Correct.

14 **Q.** And that occurred during the time
15 at which the FFO-to-debt ratio was in that range of 10 to
16 11?

17 **A.** (Flemming) Mr. Mahody, you know,
18 I think that's -- it's a good question, and I think what
19 it reflects is Nova Scotia Power's mitigation of working

1 collaboratively with external partners to mitigate risk
2 for the company and for customers. So as the company has
3 highlighted, it's worked collaboratively with government
4 partners to reduce the pressure on Nova Scotia Power's
5 balance sheet, to work with government partners to have
6 funding for the large FAM balance that has built up on
7 Nova Scotia Power's balance sheet, and to lower rates for
8 customers. And I think that that has been recognized
9 positively by our credit rating agencies. And I think
10 it's a reflection of that. But again, you know, it went
11 from a negative outlook from -- on a credit rating that is
12 less than investment grade to stable on a credit rating
13 that is less than investment grade, again on a standalone
14 basis.

15 So certainly positive. I think some
16 great positive recognition by the credit rating agencies
17 on the work that Nova Scotia Power has done, collaborative
18 work it has done with external partners, but, you know,
19 certainly I think the company is looking, and hoping to,

1 on a longer term basis, would like to get back to an
2 investment grade credit rating to preserve its ability to
3 access capital and favourable terms for customers.

4 And Mr. Williams, if you have
5 something to add, please.

6 A. (Williams) I do. Mr. Mahody, if
7 you can indulge me, I just wanted to go back to where this
8 discussion began with the question from Morrison Park, and
9 the question was -- I think the statement is, and I'm
10 reading from line 7 on page 25, physical page 25, "The
11 entirety of the proposed rate increase may not be required
12 to support NSPI's existing credit rating."

13 I think that was the -- generally the
14 passage that you had referred to. And I think the
15 emphasis needs to be on the existing credit rating there,
16 to maintain or required to support the existing credit
17 rating.

18 And I would like to just turn to the
19 direct evidence, and it's Figure 10-1 in Nova Scotia

1 Power's direct evidence, so the General Rate Application;
2 that's page 68 of 99. It's just helpful to illustrate
3 this. And it's the discussion you've been having with Mr.
4 Flemming.

5 And so sir, when we look at this
6 table, you'll see generally in the middle of that table,
7 there's a rating, triple B minus, and a rating double B
8 plus. And if we draw a vertical line between those two,
9 so that double B plus is on the right and triple B minus
10 is on the left, what that line represents is the
11 demarcation between investment grade and non-investment
12 grade. So everything to the right of that line, including
13 double B plus, is non-investment grade. Everything to the
14 left, including triple B minus, is investment grade.

15 Nova Scotia Power, on a standalone
16 basis, as Mr. Flemming has been discussing, is double B
17 plus. It is non-investment grade. Because of its
18 relationship with Emera, it has been granted a triple B
19 minus investment grade.

1 But as I've attempted to illustrate,
2 even with the benefit of Emera, Nova Scotia Power is on
3 the precipice of being non-investment grade. It is non-
4 investment grade on a standalone basis. It is on the
5 precipice, even with Emera's relationship and the benefits
6 it has from Emera, from a markets' perspective.

7 It's also only able to continue to
8 operate in the commercial paper market as a result of an
9 exemption because of this downgrade and because of its
10 current status.

11 As we discussed, it has that exemption
12 until 2028, but there's no guarantee that that exemption
13 would be renewed or would continue.

14 In any event, as I said, we are on the
15 precipice of non-investment grade. So even if you were to
16 take Morrison Park's evidence at face value, maintaining
17 the current investment grade, from our perspective, is not
18 a prudent course of action.

19 Q. And I take it, Mr. Williams, the

1 company's view is that not -- maintaining is not a current
2 course of action, that effort should be made in order to
3 increase, say for instance, the FFO-to-debt ratio?

4 **A.** (Williams) Yes, and that goes
5 back to the discussion we had previously, where the effort
6 doesn't need to be focused on increasing the FFO to debt.
7 It needs to be on ensuring that the utility is fully
8 funded so that it does have an appropriate FFO-to-debt
9 metric.

10 **MR. MAHODY:** Next, Mr. Goodine, if we
11 could call up Morrison Park -- I'm sorry, Bates White's
12 evidence at N-35? And page 30.

13 **BY MR. MAHODY:**

14 **Q.** And beginning here at line 12,
15 where Bates White is asked, "Is [the] amount of sustaining
16 capital at Ligan 2 concerning?" And Bates White
17 indicates:

18 The forecasted sustaining capital at Ligan
19 2 is a departure from recent experience at
20 the unit and represents substantial cost for

1 a unit that is forecasted provide [and the
2 amount of energy is blanked] energy during
3 the 2026-2027 GRA period. As [Nova Scotia
4 Power] explained in its November... '2025
5 Maritime Link Benefits Report...', as of
6 August 15, 2022, 'Lingan Unit 2 was laid up
7 and not made available for economic
8 dispatch.' NSPI explains that Lingan 2 'was
9 placed into cold reserve and available to be
10 recalled on 2 weeks' notice' and will
11 'continue to be held in cold reserve for
12 several years to maintain planning reserve
13 margin.' Note that NSPI filed a capital
14 application at the Board in May 2024 seeking
15 to spend just [\$1.6 million) to 'support
16 safe operations and provide firm capacity
17 through the fall and winter of 2023 into
18 2024.' [Nova Scotia Power] anticipated
19 sustaining capital of close to \$21 million
20 over the GRA period represents a substantial
21 increase and should be supplemented with
22 additional narrative support by [NSP].
23

24 Just holding out that last line for a
25 moment, has Bates White accurately reflected the history
26 of Nova Scotia Power's estimates regarding Lingnan in
27 their comments here?

28 A. (MacIntosh) Yes, Mr. Mahody, that
29 is an accurate timeframe. There is additional information
30 that should also be included in that, which would reflect
31 the recent 10-year system outlooks that have been

1 presented, 2025 10-year system outlook, 2024 10-year
2 system outlook, that has more narrative around the
3 changing mission for Lingnan Unit 2 and its requirement
4 for capacity on the system.

5 Q. Okay. And so, Mr. MacIntosh,
6 what additional evidence can you offer to support this
7 dramatic increase in the planned spending at Lingnan 2.

8 A. (MacIntosh) Yes, Mr. Mahody. I
9 think it's important to provide some background on this.

10 So Lingnan Unit 2 was targeted for our
11 first coal retirement. The company had been minimizing
12 capital investment to the benefit of customers and, by
13 doing that, we had removed the unit from economic dispatch
14 and only providing it for firm capacity. But since then,
15 there has been load increases on the system as well as the
16 timing of generation resources that were originally going
17 to be on the system have changed. So those timelines have
18 moved out.

19 So therefore, the mission of Lingnan

1 Unit 2 has been extended.

2 Our initial position was not to have a
3 major refurbishment completed on Lingan Unit 2 prior to
4 its retirement date. The company has done tremendous
5 amount of work, as I said, to manage those risks, to
6 minimize those risks through operational restrictions
7 enhanced monitoring, but we're at the position now where,
8 to maintain the safe operation of that unit, complete
9 turbine and generator refurbishment that will be required
10 to maintain the safe operation.

11 Mr. Murphy and I had an exchange on
12 this during the last ACE hearing, but I may well pause
13 there, Mr. Mahody.

14 Q. And so when did this -- did you
15 identify this change in intended use of Lingan 2?

16 A. (MacIntosh) The change in the
17 mission Lingan Unit 2 had been updated annually through
18 the system adequacy studies which are a part of the 10-
19 year system outlook, so from the timeline of that,

1 originally we would have had a retirement date earlier in
2 the 2020s. We had moved that retirement date in the 2023
3 10-year system outlook to '25-26 and in 2024, we had
4 changed the retirement to 2028.

5 Those change in retirement dates and
6 the associated utilization of that unit require an
7 increase in sustaining capital to manage the safe
8 operation of the unit as well as provide the capacity on
9 the system to maintain -- I will say, maintain enough
10 capacity to meet our firm system requirements.

11 So part of our NERC MPCC requirements
12 is to maintain enough capacity on the system, and Lingan
13 Unit 2 is part of that.

14 Q. So as of May 2024, you were
15 anticipating a spend in the fall and winter of '23 into
16 2024 of \$1.6 million. That was a different mission for
17 Lingan 2 that that assumption was based on?

18 A. (MacIntosh) That's correct.

19 Q. Okay. That's May of 2024; that's

1 the mission for Ligan 2 at that time. That mission
2 changed when?

3 **A.** (MacIntosh) After we filed the
4 10-year system outlook in 2024.

5 **Q.** And that was filed when?

6 **A.** (MacIntosh) It would have been --
7 subject to check, it would be June or July of 2024.

8 **Q.** So in May of 2024, you were
9 estimating \$1.6 million spend in the mission of Ligan 2
10 and then within that month or so, the mission of Ligan 2
11 changed?

12 **A.** (MacIntosh) The mission of its
13 retirement had changed but based on the subsequent
14 utilization of the unit after those dates, so we do
15 condition assessments on Ligan Unit 2 annually based on
16 how much the unit's been utilized and run, associated with
17 the condition assessments that we have as well as the
18 updated retirement dates and then the importance of Ligan
19 Unit 2 to provide capacity. All of that goes into the

1 major refurbishment requirements.

2 Q. Mr. MacIntosh, anything else that
3 the company would like to offer as narrative support for
4 this increase in anticipated sustaining capital for Lingan
5 2?

6 A. (MacIntosh) I would just add, Mr.
7 Mahody, that this is a forecast. Lingan Unit 2 capital
8 will be brought before this Board for approval in addition
9 to its operating cost, so approving this GRA does not
10 approve the Lingan Unit 2 capital.

11 Q. On that we're clear, I think.
12 Thank you, Mr. MacIntosh.

13 THE CHAIR: It does bake those costs
14 into rates.

15 MR. MacINTOSH: It bakes those costs
16 -- so inside the GRA, yes. Yes, Mr. Chair.

17 MR. MAHODY: Mr. Goodine, could we go
18 to page -- same exhibit, page 30, lines 1 to 5?

19 BY MR. MAHODY:

INTERNATIONAL REPORTING INC.

CERTIFIED COURT REPORTERS

1 Q. Here, Bates White was addressing
2 the Goose Harbour Lake Wind Project and Bates White
3 indicates it would be beneficial for NSPI to confirm that
4 its PHP deferral will account for treatment of the Goose
5 Harbour Lake Wind Project should the tariff provisions
6 under which PHP ultimately takes service and receives
7 credits for load shifting incorporates services, costs or
8 revenues from the Goose Harbour Lake Wind Project.

9 I think we have that confirmation, Mr.
10 Williams, but can I just make sure we have it directly?

11 A. (Williams) Agreed. You have that
12 confirmation, yes.

13 MR. MAHODY: And then, Mr. Goodine,
14 can we -- just one moment.

15 It's PDF page 26, is where I was going
16 next.

17 BY MR. MAHODY:

18 Q. At this portion of Bates White's
19 evidence, they're answering the question, "Please explain

1 | how renewable energy received could be lower than
2 | expected." And they identify at least four different
3 | ways, and it's the fourth one that I wanted to ask you
4 | about at item -- line 14. It begins:

5 | Fourth, Nova Scotia Power could receive
6 | materially less output than expected over
7 | the Maritime Link due to unplanned outages
8 | at either Muskrat Falls or the Labrador
9 | Island Link Transmission Project.

10 |
11 | And if we go on to the next page,
12 | there is reference to, beginning at line 3:

13 | Newfoundland and Labrador Hydro continues to
14 | plan its system using a reference case LIL
15 | forced outage rate of 5% and a best case of
16 | 1%.

17 |
18 | Can the panel just describe what the
19 | impact of a forced outage rate at 5 percent of the LIL --
20 | what impact that would have on Nova Scotia Power's fuel
21 | forecast?

22 | **A.** (Pecurica) Mr. Mahody, those
23 | forces outage rates of nominal 5 percent are already baked
24 | into the forecast that we received from Newfoundland.

1 Further, we don't take that forecast
2 on the face value. We take in account historical
3 operation and what we believe will actually transpire and
4 modify those assumptions that go into the forecasts, so
5 level of conservatism has already been applied in the
6 forecast with respect to the availability of Muskrat
7 energy for 2026 and 2027 planning period. So I don't
8 believe that a small deviation in that will affect
9 negatively the forecast.

10 Q. Okay. And so right at the top of
11 this page, Mr. Pecurica, where it says the LIL equivalent
12 forced outage rate over the 12-month period ending
13 September 20, 2025 was .76 percent, in the event that the
14 forced outage rate moved as high as 5 percent, you're
15 indicating that the Nova Scotia Power fuel forecast has
16 taken that assumption into account?

17 A. (Pecurica) That's correct, Mr.
18 Mahody, because the two components of energy coming from
19 Muskrat Falls first is in Nova Scotia Block, which we

1 | believe we'll receive in full, and that certainly has been
2 | the case in the past couple of years.

3 | And the second component is the market
4 | priced energy, energy access agreement energy, which
5 | Newfoundland and Labrador Hydro forecast -- the
6 | availability of which they forecast to be higher than what
7 | would be actually applied in a forecast here.

8 | Just reflecting on what has been
9 | available and what would be -- you know, the motion of
10 | that through the planning period.

11 | So I don't think the deviation from
12 | their forecast is going to affect the outcome
13 | significantly. I think we already have some conservatism
14 | built into the forecast.

15 | We're not relying on those -- in other
16 | words, we're not relying on those small or low forced
17 | outage rates to materialize the forecast.

18 | Q. And whether it's 1 percent or 5
19 | percent, from your perspective those are both low numbers?

1 A. (Pecurica) That's correct.

2 Q. Okay.

3 A. (Pecurica) Yeah.

4 MR. MAHODY: Mr. Goodine, I had sent
5 you a copy of Nova Scotia Power Incorporated Regulations.
6 It's a one-page document. And you've got it on the screen
7 now.

8 BY MR. MAHODY:

9 Q. Mr. Williams, these questions may
10 be for you. They have to do with executive compensation.
11 You agree with me that this is a Regulation that we have
12 on the screen here that continues to be applicable to Nova
13 Scotia Power?

14 [10:00:11] A. (Williams) Yes, I'd agree.

15 Q. And it's a Regulation from
16 December of 2012, and in this Regulation there are
17 restrictions regarding the remuneration of Nova Scotia
18 Power executives that can be included in revenue
19 requirement. Is that correct?

1 A. (Williams) Yes.

2 Q. And there is reference in the
3 definition in Item 2 to the:

4 ... 'pay plan' means the Senior Officials Pay
5 Plan approved by the Governor in Council by
6 Order in Council 2007-85 under... *Civil*
7 *Service Act* and the *Public Service Act*, ... as
8 amended from time to time.

9
10 You see that?

11 A. (Williams) I do.

12 Q. And so once this Regulation had
13 been enacted, can you just describe for me the process
14 that Nova Scotia Power went through in the, take the three
15 years after this was enacted in order to implement what's
16 described here?

17 A. (Flemming) Mr. Mahody, the
18 process that we have is we have people that are in our
19 Compensation Department that are familiar with these
20 Regulations, and they complete a calculation where they
21 determine the allowable and non-allowable compensation for
22 each one of these employees, and what happens is we remove

1 the allowable costs from Nova Scotia Power's revenue
2 requirement and include only the allowable portion within
3 the labour expense within our test period forecast.

4 Q. Okay.

5 MR. MAHODY: And, Mr. Goodine, could
6 we call up Order in Council 2007-85?

7 BY MR. MAHODY:

8 Q. And, panel, just for clarity this
9 is the Order in Council that's referred to in that
10 Regulation we just looked at. This is a 2007 Order in
11 Council, and it is setting out the senior officials pay
12 plan as of the date of this OIC. You see that?

13 MS. POWER: I'm sorry to interrupt,
14 Mr. Chair. I just want to make sure we're referencing the
15 right OIC. I think the previous document said -- the
16 actual Regulation says OIC-2012-401. And I'm not certain.
17 I just want to make sure we're checking.

18 MR. MAHODY: Sure. So if we can go
19 back to the original document. I'm referring to clause

1 2(2) senior officials pay plan approved by the Governor in
2 Council by Order in Council 2007-85.

3 MS. POWER: Thank you.

4 MR. MAHODY: All right.

5 BY MR. MAHODY:

6 Q. And so it was the pay plan that
7 was attached to the 2007-85 Order in Council that the
8 Compensation Department would have initially been
9 utilizing. Is that correct?

10 A. (Williams) That's correct.

11 (SHORT PAUSE)

12 MR. MAHODY: And next call up Order in
13 Council 2023-138, Mr. Goodine.

14 BY MR. MAHODY:

15 Q. So this is an Order in Council
16 for May 9th, 2023, and this Order in Council, in part,
17 revokes the senior officials pay plan approved by Order in
18 Council 2007-85, the one we were just looking at. Do you
19 see that in Item A?

1 A. (Williams) Yes.

2 MR. MAHODY: Mr. Chair, I wonder if I
3 just might pause now and if I could get the Regulation and
4 those two Orders in Council marked as an exhibit.

5 THE CHAIR: Sure. We can do that.
6 Are these separate documents? Yeah, you filed them in
7 separate documents. So we'll file -- we'll mark the
8 Regulations Exhibit N-55, OIC-2007-85 as N-56, and OIC-
9 2023-138 as N-57.

10 --- EXHIBIT NO. N-55:

11 Nova Scotia Power Incorporated
12 Regulations made under Section
13 118 of the *Public Utilities Act*

14 --- EXHIBIT NO. N-56:

15 OIC 2007-85

16 --- EXHIBIT NO. N-57:

17 OIC 2023-138

18 BY MR. MAHODY:

19 Q. And in addition to revoking the

1 senior officials pay plan from the 2007-85 OIC, the Order
2 in Council that we have before us approved a new senior
3 officials pay plan. And Nova Scotia Power's had an
4 opportunity to review that newly established pay plan. Is
5 that correct?

6 **A.** (Williams) That's correct.

7 **Q.** And you agree with me that the
8 new senior officials pay plan as of 2023 is materially
9 different from the revoked senior officials pay plan from
10 2007?

11 **A.** (Williams) Perhaps we can -- I'm
12 not disagreeing with you, Mr. Mahody, but just for the
13 sake of argument if we could just make sure what's being
14 put on the record is what my memory is.

15 **Q.** Sure.

16 **A.** (Williams) Do you have the pay
17 plan?

18 **Q.** I don't have -- well, I have the
19 newly issued pay plan.

1 A. (Williams) I'm not looking to
2 make it difficult. I thought it was attached to the OIC
3 here. But if it's not, then I can agree with you that the
4 two pay plans differ.

5 Q. Okay. But they differ in that
6 the new pay plan has a number of different pay scales
7 versus the previous pay plan?

8 A. The previous pay plan had two pay
9 scales; the new pay plan has five.

10 Q. Okay. The new pay plan no longer
11 references a single pay scale applicable to Deputy
12 Ministers?

13 A. (Williams) It no longer has a
14 scale that is specifically or expressly identified as
15 Deputy Ministers.

16 Q. And the new pay plan no longer
17 includes any pay scales that ---

18 MR. CLARKE: Mr. Mahody, if the plan
19 is available to be put up, given the nature of the

1 | questions, maybe it would be helpful to everybody.

2 | **THE CHAIR:** Mr. Mahody, if it's
3 | helpful, I had sent Mr. Goodine a copy of both the old and
4 | the new versions of the pay plan.

5 | **MR. MAHODY:** Quite helpful, as usual,
6 | Mr. Chair.

7 | (LAUGHTER)

8 | (SHORT PAUSE)

9 | **BY MR. MAHODY:**

10 | **Q.** So on the screen, Mr. Williams,
11 | is the previous pay plan?

12 | **A.** (Williams) That's the current
13 | one, sorry.

14 | **Q.** Current. I'm sorry.

15 | **A.** (Williams) That has the five
16 | scales, the current one.

17 | (SHORT PAUSE)

18 | **BY MR. MAHODY:**

19 | **Q.** So that is the pay plan that

1 | existed prior to the 2023 change, Mr. Williams?

2 | **A.** (Williams) That is the pay plan,
3 | yes. Yes.

4 | **MR. MAHODY:** And can we just scroll
5 | down, Mr. -- thank you. Okay. All right, and then back
6 | up, please.

7 | **BY MR. MAHODY:**

8 | **Q.** And so there, there is a
9 | reference to a single pay plan in relation to Deputy
10 | Ministers?

11 | **A.** (Williams) Yes, we're with the
12 | previous pay plan still, yes, sir.

13 | **Q.** Okay. All right.

14 | **MR. MAHODY:** And then, Mr. Chair,
15 | should we mark this as an exhibit?

16 | **THE CHAIR:** Yes. That will be
17 | Exhibit N-58.

18 | **--- EXHIBIT NO. N-58:**

19 | **DM pay plan**

1 **MR. WILLIAMS:** And just to be clear, I
2 suppose, Mr. Mahody, there is two pay scales on this pay
3 plan with the Deputy Ministers being the highest of the
4 two.

5 **BY MR. MAHODY:**

6 [10:10:07] **Q.** The other scale that you're
7 referring to is for Associate Deputy Ministers.

8 **A.** (Williams) Correct.

9 **Q.** Okay. And so what use was -- did
10 Nova Scotia Power make of this document in dealing with
11 executive compensation?

12 **A.** (Williams) Do you mean previously
13 or it was ---

14 **Q.** Well, at the time. So for
15 instance, at the time the issue you'd make under this,
16 you'd go to this document, and you'd do what with it?

17 **A.** (Williams) The process that
18 Mr. Flemming described, yes.

19 **Q.** All right. And can we go to the

1 | pay plan issued, the new pay plan, which, I believe, is
2 | the ---

3 | A. (Williams) This is just the first
4 | scale.

5 | Q. The first scale, yeah.

6 | A. (Williams) The previous page
7 | we've been looking at with the five scales was just a
8 | overview of the five.

9 | Q. Yeah. All right. And so the
10 | Regulation that we have looked at made reference to the --
11 | for the Chief Executive Officer that no more than a salary
12 | equal to 110 percent compa ratio, as provided for in the
13 | pay plan. Do you know whether or not the new pay plan has
14 | a -- any pay scales that are based on a 110 percent compa
15 | ratio?

16 | A. (Williams) Well, if you scroll
17 | down, sir, we can answer that question, I think. So as
18 | you'll see, it ends at 100 percent, but as you would be
19 | aware, all you need is the 100 percent in order to

1 calculate any of the compa ratios.

2 MR. MAHODY: Mr. Goodine, can we just
3 go back to the previous exhibit, the previous pay plan, if
4 we just scroll up to it.

5 BY MR. MAHODY:

6 Q. And so here you'll see under
7 Deputy Minister where it runs with calculations up to
8 110 percent. You agree with me that that's a difference
9 between the two pay plans?

10 A. (Williams) I think there's a
11 number of differences, in terms of what's provided under
12 ratios here, but as I said, all you need is the 100 in
13 order to do the calculation.

14 Q. I appreciate Nova Scotia Power's
15 view of that. In any event ---

16 A. (Williams) It's not Nova Scotia
17 Power's view, sir, it's -- that's the math; correct? It's
18 not -- it has nothing to do with my view.

19 Q. Mr. Williams, the pay plan under

1 | which the Regulation refers has a line item calculated out
2 | at 110 percent and has a specific reference to that
3 | 110 percent. The reference that you're making is an
4 | interpretation. I'm not quarrelling with it; it's just it
5 | is a difference between the two pay scales.

6 | **A.** (Williams) No, it's not
7 | interpreted. The fact that you can calculate 110 percent
8 | when you have 100 percent is not an interpretation; it's
9 | math.

10 | **Q.** Okay. In any event, though,
11 | Mr. Williams, for the purposes of your proposed revenue
12 | requirement for each of the test years in this matter, you
13 | have not used the pay plan approved in the 2007-85 Order
14 | in Council, rather, you've used the pay plan attached to
15 | the 2023-138 Order in Council. Is that correct?

16 | **A.** (Williams) That is correct.

17 | **Q.** And on what basis has Nova Scotia
18 | Power done so?

19 | **A.** (Williams) When you say what

1 basis, sir, what do you mean exactly?

2 Q. There is a pay plan in place with
3 a specific order, a Regulation associated with it. That
4 Regulation was revoked, and Nova Scotia Power is now using
5 a new pay plan that is not referenced in the Regulation,
6 and I'm wondering on what basis you've done that.

7 A. (Williams) Yes, sir. I think the
8 Regulation, and we can bring it back up if it's helpful,
9 but I believe it says, "as amended". So we would
10 interpret that the pay plan has been amended and that
11 we're using the new pay plan that's in effect for
12 government officials.

13 Q. And has Nova Scotia Power had any
14 discussions with government in relation to Nova Scotia
15 Power's view on executive compensation in relation to the
16 changes in the senior officials pay plan?

17 A. (Williams) I think we've asked --
18 or answered an IR on that, where we've had no
19 communications with government on that.

1 **MR. MAHODY:** And Mr. Goodine, can we
2 just go to the new pay plan for a moment.

3 **BY MR. MAHODY:**

4 **Q.** And so as I understand the
5 evidence, Nova Scotia Power, prior to this change
6 occurring, would have just used the Deputy Minister
7 information in its calculations pursuant to the
8 Regulation; correct?

9 **A.** (Williams) Yes, sir.

10 **Q.** Which senior officer level have
11 you used in making your calculations for the as proposed
12 revenue requirement?

13 **A.** (Williams) I believe it's Pay
14 Scale 5, sir. So similar to the previous plan we used the
15 highest pay scale that is -- or the highest scale that's
16 included in the pay plan.

17 **THE CHAIR:** You also used the lowest
18 one for Deputy Ministers, didn't you, Mr. Williams?

19 **MR. WILLIAMS:** I'm not sure I follow,

1 | sir.

2 | **THE CHAIR:** Well, you said you used
3 | the highest, like the last scale. There was only one for
4 | Deputy Ministers, so it's also the lowest, isn't it?

5 | **MR. WILLIAMS:** We used the highest of
6 | the two, so correct.

7 | **THE CHAIR:** But you didn't use the one
8 | that applied to Associate Deputy Ministers.

9 | **MR. WILLIAMS:** No. Correct.

10 | **THE CHAIR:** Yeah. But there was only
11 | one that applied to Deputy Ministers.

12 | **MR. WILLIAMS:** Correct.

13 | **MR. MAHODY:** Mr. Goodine, could we
14 | turn to the Consensus Agreement, N-27, response to IR-1,
15 | please? And I'm over at the Schedule A, the Terms of
16 | Settlement.

17 | **BY MR. MAHODY:**

18 | **Q.** So a couple of points of
19 | clarification, Mr. Williams, if you could. Under -- on

1 the next page, there's a Weather Normalization Mechanism.
2 The agreement indicates there's removal of the request for
3 the Weather Normalization Mechanism:

4 ...however, the parties agree to participate
5 in an information session to gain a better
6 understanding of Weather Normalization
7 Mechanisms.

8
9 What is -- can you describe what the
10 intended outcome, and when that session, you anticipate it
11 occurring?

12 A. (Williams) I think I'll maybe
13 answer the second part of that first, Mr. Mahody. And
14 that's something that I think we'll initiate over the
15 coming months, once we get through this process, I think,
16 is -- as the Board and yourself are aware, it's been a
17 busy fall for all regulatory participants. So we're not
18 looking to overburden them with this discussion, but it is
19 a discussion we will continue to have with -- or initiate
20 having with customer representatives once we get through
21 this process.

22 What the outcome of that is, is we

1 don't have a set or an expected outcome, necessarily.
2 It's about, again, similar to the rate application
3 discussions, about having the discussion, understanding
4 perspectives, understanding how a mechanism such as this
5 may be applicable in Nova Scotia, understanding how it may
6 benefit customers, how it may benefit other participants.
7 And so really, it's just a general discussion to get a
8 better understanding of the mechanisms that are in use in
9 other jurisdictions. And we think it's a responsible
10 thing to do, to have a discussion with our customer
11 stakeholders to understand whether it could be a benefit
12 in this jurisdiction.

13 [10:20:45] Q. And I guess depending, perhaps,
14 on the outcome of those discussions, this may be an
15 initiative that's pursued in a future GRA?

16 A. (Williams) Yes, in a future
17 process, certainly, before the Board. I don't think the
18 nature of the mechanism is such that I don't think it
19 would be applicable to come into effect outside of a GRA,

1 but certainly could be something that was brought forward
2 outside of a GRA.

3 Q. All right.

4 MR. MAHODY: Down at the bottom of the
5 same page, Mr. Goodine, under "MEU Treatment."

6 BY MR. MAHODY:

7 Q. It indicates:

8 The MEU's will be included as taking service
9 under the Municipal Tariff in calculating
10 the Municipal Tariff rates for...2026-['27]
11 GRA and the MEUs commit to taking partial
12 service under the Municipal Tariff in the
13 years 2026 and 2027.

14 Just for my own purpose, the reference
15 to "partial service"?

17 A. (Willett) Thanks for the
18 question. The reference to "partial service" is in
19 regards to the fact that there is a wind resource that
20 provides a portion of the service to those utilities, and
21 then a portion of the service that would be served under
22 the Municipal Tariff.

23 MR. MAHODY: And then, Mr. Goodine,

1 just on to the top of the next page, still with the MEU
2 Treatment.

3 **BY MR. MAHODY:**

4 Q. Reference to:

5 [Nova Scotia] Power and the MEUs will work
6 collaboratively [on a] good faith [basis] to
7 determine and attempt to agree, by no later
8 than December [21st]...

9
10 And then a couple of items are listed
11 there.

12 Has there been a filing made in
13 relation to what's being referred to in this cell?

14 A. (Willett) So those discussions
15 have been ongoing, and those discussions have been
16 beneficial, I believe, to both parties at this time, but
17 they have not come to conclusion at this point in time.
18 But those discussions are ongoing.

19 Q. Okay. So maybe in September the
20 parties that agreed to no later than December 1st, I take
21 it there's been a modified timeline between the parties?

1 A. (Willett) As my colleague just
2 mentioned, it's been a busy calendar for all parties in
3 this room, and those conversations have been ongoing, and
4 those conversations did start in advance of December but
5 have not concluded at this point.

6 Q. Okay. Thank you, Mr. Willett.
7 And at present, have the parties identified a modified
8 deadline for the outcomes of those discussions?

9 A. (Willett) Nothing specific.

10 Q. In the next section about the
11 OATT, are the items that are listed there, A, B, and C, a
12 modification to Nova Scotia Power's Application?

13 A. (Willett) Those items are
14 reflected in Nova Scotia Power's Application.

15 MR. MAHODY: Mr. Goodine, if we can
16 move down two more pages? Yes, the top of that page. If
17 we could blow up that first?

18 BY MR. MAHODY:

19 Q. Here there's reference to:

1 If the excessive interest and financing
2 expenses limitation...exemption is not
3 enacted, the Parties agree to defer the
4 incremental tax expense...

5
6 Has -- what is the status of that
7 matter?

8 **A.** (Flemming) Mr. Mahody, there's
9 been no update that I'm aware of. We believe the
10 indication is that there will be an exemption for
11 regulated utilities for EIFEL. However, that has not
12 proceeded and that is not yet finalized. So no further
13 update at this time that I'm aware of.

14 **Q.** And so is the effect of that,
15 then, that the amount is being deferred as part of this
16 Application?

17 **A.** (Flemming) No, Nova Scotia Power
18 would not intend to do that unless the exemption for
19 regulated utilities was not passed for the 2026 tax year.
20 If that was the case, there would be the need to have that
21 deferral, but to the extent that the company is not

1 | incurring those costs, which it isn't at this moment, or
2 | not recognizing those, it has not deferred and would not
3 | defer that unless it was making that payment, receiving
4 | that charge.

5 | One second, Mr. Mahody.

6 | So Mr. Mahody, just -- Mr. Mahody,
7 | just conferring with my colleague, Mr. Williams, and just
8 | to make sure, Nova Scotia Power is still requesting the
9 | deferral, but the company hopes very much not to need it.

10 | **Q.** And so is it a matter, Mr.
11 | Flemming, that at some point there will be an announcement
12 | of whether or not the exemption applies to regulated
13 | utilities?

14 | **A.** (Williams) Yeah, so my
15 | understanding, Mr. Mahody, is that it's -- the
16 | communication from government at this point is that they
17 | will be proceeding with such an exemption, but it has not
18 | been put into effect yet, so therefore the discussion with
19 | Mr. Flemming, we're still seeking approval of the ability

1 to defer those costs if they arise. We don't expect them
2 to arise at this point in time, but we don't have a
3 definitive confirmation of that at this point.

4 Q. And do you have any idea as to
5 when you expect -- the timeline on which the exemption
6 will be announced or more fully considered?

7 A. (Williams) I don't think we have
8 anything more definitive, no.

9 MEMBER DEVEAU: Mr. Mahody, can I ask
10 questions on this, please? Sorry; did you have any more
11 on this?

12 MR. MAHODY: I don't, Mr. Deveau.
13 Thank you.

14 MEMBER DEVEAU: Okay. Just to clean
15 this up, yeah -- or sorry, not clean it up, but I have
16 further questions. You did a great job, Mr. Mahody, I
17 just have -- I have more questions.

18 So this is covered in paragraph --
19 page 74 of the Application, N-3. So this -- I'll bring

1 | that up, page 74. Yeah, right there.

2 | So this came into effect -- or Bill C-
3 | 59 was passed June 20, 2024. I actually didn't go back,
4 | Mr. Williams, to know if it was proclaimed or not. So
5 | that's part of the question. Obviously, you say here it
6 | was enacted. I'm just -- what I'm not clear about is you
7 | state at line 11 that:

8 | On August 15, 2025, the Canadian federal
9 | government released an updated version of
10 | the...rules which included an exemption for
11 | regulated utilities.

12 |
13 | So reading between the lines, and
14 | that's what I want to confirm, did the limitation that was
15 | enacted in '24, has that actually been applied in earlier
16 | tax years, or the whole thing is not in effect yet? So
17 | have you filed previous tax returns dating back to 2024
18 | where you had to apply the limitation and that this
19 | deferral would apply to 2020 -- well, I'm not sure if it
20 | would apply to '25 or '26. So that's my question
21 | generally, is does the limitation currently apply, and
22 | you've had to -- you've had -- there's been a cap on what

1 | you could claim, or is the whole thing not enacted or
2 | proclaimed, in effect?

3 | [10:30:36] MR. WILLIAMS: Sorry, I guess I'm not
4 | -- I don't think Mr. Flemming or I are in a position to
5 | talk specifically in response to the question. I can
6 | confirm though, which is what the Application said, that
7 | it relates to potential incremental tax expense over the
8 | GRA period. So in '26 and '27 only.

9 | MEMBER DEVEAU: Okay. So you don't
10 | know what -- how you've applied it up to now, if you have
11 | applied it? Or if the limitation applied and you weren't
12 | exempt yet?

13 | MR. WILLIAMS: I think the answer to
14 | all your questions is yes, we do not ---

15 | MEMBER DEVEAU: Okay.

16 | MR. WILLIAMS: --- know specifically.

17 | MEMBER DEVEAU: Okay. So maybe just
18 | the last -- perhaps it might be helpful. The -- at line
19 | 11, where you say:

1 On August 15, 2025, the Canadian federal
2 government released an updated version of
3 the EIFEL rules which included an exemption
4 for regulated utilities.

5
6 So your evidence is that you're not
7 aware of any further update?

8 MR. FLEMMING: Since that time, the
9 Government of Canada, in their Fall Economic Statement,
10 did note that they plan to proceed with the EIFEL
11 exemption for regulated utilities. There's been no
12 further update that I'm aware of since that time.

13 MEMBER DEVEAU: Okay. So as an
14 undertaking, could I actually ask you to provide that
15 updated -- the August 15, 2025 updated version of the
16 EIFEL rules? Perhaps you could get more context and
17 understanding of what they are. And then also maybe the
18 reference to "In the Fall Economic Statement" to that --
19 to the passage you just referred to, Mr. Flemming?

20 MR. FLEMMING: Yes, we can do that.

21 MEMBER DEVEAU: Yeah, thank you.

22 THE CHAIR: That will be Undertaking

1 U-17.

2 UNDERTAKING U-17 - To provide the
3 August 15, 2025 updated version
4 of the EIFEL rules, and also the
5 reference to the passage, "In the
6 Fall Economic Statement"

7 MEMBER DEVEAU: Thank you, Mr. Mahody.

8 MR. MAHODY: Thank you, Mr. Vice
9 Chair.

10 Mr. Goodine, if we could go back to
11 Exhibit N-27? And I'm at PDF page 16.

12 BY MR. MAHODY:

13 Q. Mr. Williams, can you just
14 describe, for the reduced OM&G section of this document,
15 what is being shown here?

16 A. (Williams) I'll -- I think Mr.
17 Flemming will take that one, sir. Thanks.

18 A. (Flemming) Mr. Mahody, during the
19 negotiations with customer representatives to arrive at a

1 | Consensus Agreement, Nova Scotia Power agreed to a
2 | reduction in its operating expense in each of 2026 and
3 | 2027. And so what the company here is showing is the
4 | allocation of that \$10 million reduction to its revenue
5 | requirement budget or ask in each of 2026 and 2027.

6 | **Q.** So the draft application, General
7 | Rate Application, April 2025, is being reduced by these
8 | amounts?

9 | **A.** (Flemming) Nova Scotia Power has
10 | reduced and included in its Application the reduced
11 | amounts, as per the Consensus Agreement.

12 | **Q.** Yes, but just so that I
13 | understand the dynamic, Mr. Flemming, what there was, was
14 | an anticipated ask; I'm calling it a draft application,
15 | I'm getting some friction on that, but there was some
16 | anticipated revenue requirement from those -- from that
17 | amount is reduced by this \$9 million; is that correct?
18 | And that is represented in your current application?

19 | **A.** (Flemming) That's exactly right.

1 The \$9 million OM&G reduction in each of 2026 and 2027,
2 and an additional \$1 million reduction in our GRA deferral
3 expense, amortization expense.

4 Q. Okay. And let me just focus in
5 on the OM&G reductions. First off, it's not 9 million
6 from 2026 and then that 9 million plus another 9 million
7 in 2027? It's a simply \$9 million reduction in each of
8 those test years?

9 A. (Flemming) You're correct, Mr.
10 Mahody.

11 Q. Okay. And it's -- do any of
12 these changes represent a permanent reduction in Nova
13 Scotia Power's anticipated revenue requirement? Are you
14 getting these costs out of the business, so to speak?

15 A. (Flemming) It's tough to say, Mr.
16 Mahody. That's certainly the intent. Nova Scotia Power
17 is looking for those cost savings, doing everything it can
18 to find those cost savings, but the company brought
19 forward a revenue requirement that the company already

1 | thought was -- that the company had already worked very
2 | extensively to optimize and reduce revenue requirement for
3 | customers. So these -- you'll notice that these figures
4 | are round numbers, 5 million, 2 million, 2 million, and
5 | allocated. The company's work on where those cost savings
6 | will be found is underway. So the company, as I said,
7 | brought forward to customer representatives a budget that
8 | was already extensively -- savings were looked for in all
9 | areas. And so the company is not yet sure how it will
10 | find these savings. So I can't speak to the specifics of
11 | exactly where these savings will come for, whether they'll
12 | be permanent in nature, because, Mr. Mahody, we simply
13 | don't know at this point.

14 | MR. MAHODY: Mr. Goodine, in this same
15 | document, could we go to PDF page 292? And maybe just if
16 | we could go up, just so we could see the question first?
17 | It's (c) that I'm looking for the question on. Okay.

18 | BY MR. MAHODY:

19 | Q. So this question has to do with

1 | your five-year operating forecast. And the period of '27
2 | and '28 and the changes that you anticipate.

3 | Now if we can go down to the next page
4 | in the answer to (c)?

5 | What I was seeing here is that the
6 | first change in 2028 is the \$9 million, that's the 9
7 | million that we just looked at, being added back in. And
8 | so that's what was causing me a concern that we weren't
9 | looking at actually getting costs out, it was just that
10 | somehow, we were pausing, and then these costs were
11 | resurfacing 24 months later. Am I reading that -- what
12 | you've represented here correctly?

13 | **A.** (Flemming) So Mr. Mahody, I think
14 | it's yet to be determined. Like I said, we're not sure
15 | where those savings are going to come from. Like, we're
16 | certainly endeavouring to find those. And certainly first
17 | option would be to, absolutely, if we can find cost
18 | savings initiatives or improve efficiencies to actually
19 | reduce that and get that out of the business on a

1 permanent basis and still provide the level of service
2 that customers expect, then we would absolutely do that.
3 That would always be first choice. But we're not --
4 again, we're not sure where these savings are going to
5 come from yet, and as a result, Nova Scotia Power is just
6 not, at this point, committed to reducing the 2028 -- not
7 that this would be a commitment obviously, the 2028
8 forecast, but has not reflected that reduction on a
9 permanent ongoing basis, but again that would certainly be
10 the goal, Mr. Mahody.

11 **Q.** The goal, yes, but for
12 forecasting purposes these costs are all coming back in,
13 and I appreciate it's just a forecast, but they're
14 forecasted to all come back in on January 1st, 2028.

15 **A.** (Flemming) I agree, Mr. Mahody,
16 that that's certainly how we have demonstrated the 2028
17 forecast at this time. Twenty twenty-eight (2028) is
18 still a number of years out, you know, again the company
19 will be examining all opportunities to find the cost

1 savings.

2 [10:40:03] And I'd just note that Nova Scotia
3 Power's not in front of the Board asking for its revenue
4 requirement for 2028, and so it will bring forward -- at
5 that time, if it was looking for new rates for 2028, would
6 bring forward a full updated revenue requirement forecast
7 at that time.

8 **MR. MAHODY:** Mr. Goodine, could we go
9 to PDF 165 of this document?

10 **BY MR. MAHODY:**

11 **Q.** This IR had reference to your
12 evidence at page 10 of the application. It says:

13 [Nova Scotia] Power states it has worked
14 hard with customer representatives to
15 balance both reliability and affordability
16 priorities. Please explain how reliability
17 and affordability have been balanced in the
18 current application. If specific
19 investments have not been included because
20 they were deemed to be not affordable,
21 please identify these investments.

22
23 As I read the response, I don't see
24 any specific investments being identified that weren't

1 | proceeded with on the basis of affordability. I guess
2 | just first off, have I accurately read your evidence?

3 | **A.** (Williams) I believe you've read
4 | it correctly, sir.

5 | **Q.** And so it is then the case that
6 | from the company's perspective there are no particular
7 | investments that it has not included in this Application
8 | because of affordability?

9 | **A.** (Williams) We believe -- yes, we
10 | believe that we have found savings in other areas of the
11 | business that would not impact the investments that we
12 | would need to be making on behalf of customers.

13 | **Q.** If we can go to PDF 169. This
14 | has to do with a significant reduction in residential
15 | disconnections; 3,158 in 2023 and 1,782 in 2024. What was
16 | the cause of the significant reduction in residential
17 | disconnection between 2023 and 2024?

18 | **A.** (Williams) A lot of that, sir, is
19 | -- arises from the work Chris Lanteigne, who's -- you're

1 | probably familiar -- appeared before the legislative
2 | committee with Mr. Gregg back in the fall. He and his
3 | team have worked very effectively to find solutions where
4 | we're avoiding disconnecting customers or working with
5 | customers to find a way for them to deal with their energy
6 | costs without being forced into a situation where they're
7 | being disconnected. And that work stems, to a great
8 | extent, from the work that we've undertaken with the Low
9 | Income Advisory Group.

10 | And so that's a function of the last
11 | General Rate Application. And so we were -- as part of
12 | the Settlement Agreement in the last General Rate
13 | Application we'd agreed to establish that and then the
14 | Board built it into its decision as a direction to pursue
15 | that group.

16 | And so that group has continued to
17 | meet and function. So that group meets -- and when I say
18 | that group that includes Nova Scotia Power, includes the
19 | Consumer Advocate, it includes the Affordable Energy

1 Coalition, who appeared earlier in this proceeding, and it
2 includes other low income advocacy groups, such as the
3 Society of St. Vincent de Paul in Halifax.

4 And the purpose of that group is to
5 identify ways in which low income customers across the
6 province can be assisted within the existing legislative
7 framework. And so that group, as we said, meets quarterly
8 and then provides an annual report to the Board. And that
9 work includes identifying -- discussing disconnections; it
10 discusses arrears; it discusses payment plans. A number
11 of different aspects under the Regulations -- under the
12 Board-approved Regulations that deal with the payment of
13 electricity costs. And what that group does is it looks
14 at the data in those areas, it looks at not just the data
15 overall, but it looks at on a regional basis within the
16 province to understand where in the province customers are
17 being more drastically impacted than others and to
18 identify potential solutions that could help those
19 customers, as I said, deal with those types of arrears.

1 And the disconnections is one of
2 those, and so one of the changes that has been made is a
3 more step-wise process, a more purposeful process, and a
4 more proactive process to helping customers work through
5 that so that they're not just receiving a disconnection
6 notice but they're receiving the disconnection notice and
7 support as to how to avoid that.

8 And so really, as I said kind of when
9 I started, it's Mr. Lanteigne and his team really digging
10 in on the issue, sir, and trying to address that. And I
11 think the numbers speak for themselves. It's a very
12 drastic decrease. It's been a very effective process that
13 we've undertaken with the Consumer Advocate and the
14 Affordable Energy Coalition to, I believe, a good
15 relationship. I sit in on many of those calls, and I
16 think it's been beneficial, as you can see here in the
17 numbers.

18 Q. And the disconnection experience
19 in 2025. Do you have an estimate of if those were in line

1 with the 2024 number?

2 **A.** (Williams) The numbers in 2025
3 were impacted as a result of what we've undergone with the
4 cyberattack, and so we have not been disconnecting
5 customers as a result of it. So we recognize that the
6 impacts from that flow through to there's obviously
7 billing impacts that this Board is very well aware of and
8 that we've been working through, and as part of our
9 proactive measures in trying to lessen the burden on
10 customers as a result of those impacts we have not been
11 disconnecting customers in 2025.

12 **Q.** And so does that mean zero
13 disconnections?

14 **A.** (Williams) I don't believe it
15 would mean -- I don't know for sure in that it would mean
16 zero disconnections, sir, but we certainly don't
17 disconnect during colder months of the year, and so
18 through the early part of 2025 we would not have been
19 connecting anyone out of practice. And then certainly, as

1 we're aware, the cyberattack incident happened in April
2 and there have not been disconnections since.

3 Q. Could we get an undertaking to
4 confirm the number of disconnections that occurred in
5 2025?

6 A. (Williams) Yes, we can provide
7 that.

8 **THE CHAIR:** It will be Undertaking U-
9 18.

10 **UNDERTAKING U-18 - To provide the**
11 **number of disconnections that**
12 **occurred in 2025**

13 **MR. MAHODY:** Mr. Goodine, I'm going to
14 go next to Board IR-39. And if we could scroll down so we
15 could just see that table.

16 **BY MR. MAHODY:**

17 Q. This table is showing bad debt
18 expense 2020 through -- 2019 through 2024, and it
19 indicates the 2020, for instance, about 5.8 million, and

1 | 2021, 2.3 million, and 3.4 million, and 3.8 million.

2 | However, the bad debt expense seems to increase somewhat
3 | dramatically into 2024, and then it's forecasted to remain
4 | above \$5 million for the three other years referenced.

5 | First off, what was the source of the
6 | significant reduction that Nova Scotia Power seems to have
7 | made in 2021 to bad debt expense?

8 | [10:50:08] **A.** (Flemming) Mr. Mahody, a lot of
9 | this can relate to timing, can relate to the financial
10 | position of certain customers, can relate to the financial
11 | position of certain businesses. So sometimes Nova Scotia
12 | Power will have customers that might be a larger customer,
13 | might use more energy, and they might not submit payment
14 | to Nova Scotia Power and Nova Scotia Power might have a
15 | write-off of that balance.

16 | And so a lot of what we see in terms
17 | of the ebbs and flows from year to year can relate to some
18 | of our commercial customers that Nova Scotia Power might
19 | have to write off the balance associated with.

1 Q. Okay. And then as we turn,
2 though, into the 2022-2023 period, seem to be in that
3 range of 3.4 to \$3.8 million, and then it's moved up
4 materially, I would suggest, to \$5.4 million in 2024. Is
5 there -- I appreciate that there are financial and
6 economic realities that your customers are facing, but is
7 there anything that Nova Scotia Power can be doing to
8 better manage this expense category to keep it more in
9 line with the \$3.5 million number as opposed to it getting
10 up to a steady state of 5 million?

11 A. (Flemming) I think, Mr. Mahody,
12 it's important to note that Nova Scotia Power has proposed
13 net bad debt percentage as a percentage of sales -- or net
14 bad debt, excuse me, as a percentage has actually
15 decreased from the 2024 compliance forecast. From the
16 last General Rate Application, we've actually seen a
17 reduction in terms of the percentage. So, you know, a
18 certain amount as you have a higher amount of sales, as
19 costs go up, as you have customer growth, a certain amount

1 of increase in your net bad debt expenses is,
2 unfortunately, expected and unavoidable. And so I think
3 from an overall perspective, as we compare to the last
4 General Rate Application, we're certainly seeing a
5 reduction. And so I think that's a positive, that we've
6 reduced that amount that we're proposing to include in
7 revenue requirement for this General Rate Application.

8 On top of that, I think in terms of
9 how we can manage it, I think it's exactly what
10 Mr. Williams just spoke to, and I think our Customer Care
11 Department is working with customers to do everything that
12 they can to support customers and avoid disconnections for
13 non-payment and avoid those write offs to the benefit of
14 customers.

15 Q. But isn't there some interplay
16 there between the number of disconnections and then the
17 estimated bad debt expense, that with the laudable efforts
18 of the company and the number of other entities that are
19 involved in the -- in dealing with trying to keep

1 | disconnections at an absolute minimum, this bad debt
2 | expense, it seems that it's just -- it's being allowed --
3 | the estimate of it is being allowed to float up?

4 | **A.** (Williams) Mr. Mahody, I think if
5 | I'm connecting the dots of what you're getting at there, I
6 | think what I would respond with is that our efforts to
7 | avoid disconnections would -- we would see that as being
8 | helpful in relation to bad debt. Once we disconnect a
9 | customer, they have very little incentive, most likely, to
10 | pay those arrears, whereas if we continue to work with
11 | them, they continue to receive service from us, the
12 | relationship is mutually beneficial, and I think reduces
13 | the need to carry that type of debt.

14 | **MR. MAHODY:** Mr. Goodine, could we
15 | turn up Board IR-42.

16 | **BY MR. MAHODY:**

17 | **Q.** And in this question, it
18 | indicates that, in the response to it, Nova Scotia Power
19 | is projecting a total staff complement in 2026 to increase

1 | by 507 of full time above its 2024 compliance filing. So
2 | that increase seems to fall into a few different
3 | groupings.

4 | MR. MAHODY: If we can just kind of
5 | scroll down a bit, and a little bit more. There we go.
6 | All right, thank you.

7 | BY MR. MAHODY:

8 | Q. Now, of the total of the 507,
9 | what is the breakdown as union versus non-union in that
10 | 507?

11 | A. (Flemming) I don't have those
12 | figures available to me at the moment, Mr. Mahody.

13 | Q. Okay. And the revenue
14 | requirement that's associated with these 507 additional
15 | FTEs, has that been calculated?

16 | A. (Flemming) It would be inherent
17 | within our forecast, but I don't have a document that has
18 | compiled that necessarily, Mr. Mahody.

19 | Q. Okay. And consistent with

1 | Mr. Williams's comments just a few minutes ago regarding
2 | the efforts with particularly vulnerable portions of the
3 | customer base, can you explain how adding 507 individuals
4 | is actually going to make electricity more affordable for
5 | Nova Scotians?

6 | (SHORT PAUSE)

7 | MR. WILLIAMS: Thanks, Mr. Mahody. I
8 | think, and I -- Mr. Flemming may have something to add
9 | here, but I'll start and try to address your question. So
10 | I think as a starting place, what we're trying to do is
11 | develop a revenue requirement forecast, revenue
12 | requirement estimate that is -- as we've discussed,
13 | creates that balance between providing customers with the
14 | services that -- not only that they expect but what they
15 | deserve, and so creating that balance with affordability
16 | as you noted is what we're trying to do here.

17 | And so how that is effected is through
18 | a lot of the things that we've already been discussing
19 | here. So we've talked about, you know, what we have done

1 proactively to try to address costs for customers, so
2 reduce costs and reduce rate impacts, and we've talked
3 about the 117 million that was sold to Invest Nova Scotia.
4 We've talked about the \$500 million federal loan
5 guarantee. We've talked about the sulphur, the
6 adjustments to the sulphur Regulations. We have also
7 talked about the beneficial financing for the BESS and for
8 the Intertie. Securitization is obviously a part of that
9 discussion as well. That's another effort that we have
10 undertaken too, once we have identified what the service
11 level is that we think customers deserve and expect, we're
12 trying to reduce the cost of that service level.

13 And so those are all things that have
14 gone into that, and I think this process in itself is an
15 example of that, and the efforts we made at the outset to
16 engage customer representatives, obtain their
17 perspectives, have their perspectives inputted into the
18 rate ask, that is part of the balancing, that is part of
19 the effort to reduce the cost for customers.

1 And then I think on top of that is
2 despite all those efforts, we still very much understand
3 that these electricity rates will be impactful for many of
4 our customers and they will make life difficult for many
5 of our customers. We understand that. And that is where
6 a lot of the work that I just spoke about with the Low-
7 Income Advisory Group ties in. So we develop programs
8 like those. We work with groups like the Consumer
9 Advocate, the Affordable Energy Coalition, the Society of
10 St. Vincent de Paul. We have an in-house low-income
11 advocate who works on behalf of low-income customers and
12 responds to calls from low-income customers within Nova
13 Scotia Power.

14 [11:00:16] So it's a bit of a two-phased
15 approach, I suppose, where it's -- or three-phased, if you
16 will, where it's developing the service level and then
17 trying to drive the cost of that service level down as
18 much as possible, but then yet still recognizing that
19 despite those efforts, there's the potential for impacts

1 on many of our customers. And working with those
2 customers and those representatives -- and representatives
3 of those customers to devise means by which to lessen that
4 burden. And I say lessen that burden not to diminish the
5 burden that will still remain for many, because it's
6 understood that that burden remains, but we do everything
7 we can to try to understand that burden and try to reduce
8 it or respond to it as best we can.

9 MR. CLARKE: Mr. Chair, I don't mean
10 to interfere with Mr. Mahody's questioning. It's 11:00
11 now. I wonder whether we might take our morning break?

12 MR. MAHODY: It's a fine place for me,
13 if it works for you and for Mr. Clarke.

14 THE CHAIR: Okay. Thanks. We'll do
15 that. We'll come back at -- it's 11:01 now. We'll come
16 back at 20 after 11:00.

17 I also want to note, I saw that in the
18 course of discussion, Undertaking U-12 was filed, both the
19 PDF and Excel, as it's been marked as Exhibit N-59.

1 --- EXHIBIT NO. N-59:

2 Response to Undertaking U-12

3 --- Upon recessing at 11:01 a.m.

4 --- Upon resuming at 11:21 a.m.

5 JONATHAN MacINTOSH, Resumed:

6 CRAIG FLEMMING, Resumed:

7 BLAKE WILLIAMS, Resumed:

8 MICHAEL WILLETT, Resumed:

9 DRAGAN PECURICA, Resumed:

10 THE CHAIR: Welcome back, everyone.

11 Mr. Mahody?

12 MR. MAHODY: Thank you, Mr. Chair.

13 CROSS-EXAMINATION BY MR. MAHODY, (Cont'd)

14 Q. So for the witnesses, we'd just
15 been talking about the additional 507 FTEs. I'm wondering
16 if you would take an undertaking to provide what is the
17 union versus non-union split, number one; and number two,
18 what is the revenue requirement impact of adding those 507
19 positions? Are you able to take that as an undertaking --

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1 | those as an undertaking?

2 | A. (Flemming) Yes, Mr. Mahody.

3 | **THE CHAIR:** That will be Undertaking
4 | U-19.

5 | **UNDERTAKING U-19 - To provide**
6 | **what is the union versus non-**
7 | **union split of the additional 507**
8 | **full-time employees, number one,**
9 | **and what is the revenue**
10 | **requirement impact of adding**
11 | **those 507 positions**

12 | **MR. MAHODY:** Thank you, Mr. Chair.

13 | **BY MR. MAHODY:**

14 | Q. Mr. Flemming, this is going to
15 | feel like going backwards, but I hope it's going to be
16 | brief. I just want to go back to the FFO debt
17 | conversation and my questions for that for a moment.

18 | One of the recommendations on the
19 | table for determination in this proceeding is Mr. Madsen's

1 recommendation for different methodology that would have
2 an impact save \$23 million in 2026. And I appreciate
3 there's an undertaking to give some information of the
4 impact of that, but using that as an example of where --
5 if that were to be implemented, where the company's
6 cashflow would be reduced, incoming cash would be reduced
7 by that \$23 million, and the corresponding impact it would
8 have on the FFO-to-debt ratio, and I would take this as
9 part of the undertaking response, but I'm interested in
10 the company's view as to whether or not that change is one
11 that the company is prepared to deal with or if it
12 represents a change that has too much of an impact on the
13 FFO debt to make it unpalatable from the company's
14 perspective?

15 Does that muddled description give you
16 something to answer?

17 MR. CLARKE: Sorry; I didn't quite
18 understand that one. So maybe the panel does, but I
19 didn't quite understand that.

1 **MR. WILLIAMS:** I'll try to parse
2 through that, Mr. Mahody. You're just asking for our view
3 on the materiality of what the impact is that's
4 demonstrated in that previous undertaking?

5 **BY MR. MAHODY:**

6 **Q.** Yes, it is. And it gets back to
7 this point about setting the revenue requirement and the
8 Application being about -- prepared in the basis of what
9 revenue requirement was needed to be able to run the
10 business versus not being -- not about the credit metrics.
11 But a change like the one Mr. Madsen is recommending
12 obviously does have a change, although it might not be the
13 type -- it may be a different type of change, given the
14 nature of the recommendation that's been made. And what
15 I'd like to do is find out if the company is prepared to
16 provide its view of whether or not -- what the impact of
17 that change would be from the company's perspective,
18 beyond just the debt calculation?

19 **A.** (Flemming) Is that an amendment

1 to the previous undertaking, Mr. Mahody?

2 Q. It would be, if you're able to do
3 it. It may be something you're going to say -- you may
4 not be able to accept that as an undertaking. It may not
5 be something that you could do. I think it is, but you're
6 going to tell me.

7 A. (Williams) I think we're
8 certainly able to include with that undertaking some
9 narrative that would assist with our views, in terms of
10 what -- our views on what that impact may be and what it
11 may mean. I mean, I think going back to the discussion we
12 had prior -- earlier this morning, Mr. Mahody, about the
13 precarious nature of where we are with credit metrics and
14 credit ratings in general, I think anything that has an
15 adverse effect or the potential for an adverse effect on
16 those, we would see as being unfavourable, certainly, and
17 not in customers' best interests.

18 Q. So Morrison Park -- and I
19 appreciate you don't accept this, but Morrison Park has

1 identified that there may be room to trim the revenue
2 requirement. I suppose for this undertaking, what I'd be
3 looking for is whether or not the reductions that are
4 being proposed by Mr. Madsen represents an opportunity to
5 trim the revenue requirement, from the company's
6 perspective? And to that degree, it could be separate
7 from, say, the previous undertaking, although it would
8 rely on the results of it, I suppose.

9 A. (Williams) I was just looking for
10 the quote we were referring to before, Mr. Mahody, but I
11 seem to have lost it. But in any event, I think Morrison
12 Park's evidence was that it was -- there was -- using your
13 words, "room to trim" to maintain or sustain the existing
14 credit metric. And that, as I had indicated, we would not
15 view as a prudent course of action, seeking to just simply
16 maintain.

17 And I think, you know, we can go to --
18 and this is why I didn't want to dismiss the Morrison Park
19 evidence out of hand, all 37 pages, because I do think

1 | there's some valuable aspects of it, and they talk about
2 | the consequences of a downgrade, and those are dire; those
3 | are very significant consequences. And so anything that
4 | is moving us closer to that line, or keeping us in that
5 | precarious position, we do not believe would be a prudent
6 | course of action.

7 | So as I said, I'm not pushing back on
8 | the undertaking. We're certainly happy to provide a
9 | narrative as part of that undertaking, but I can tell you
10 | that, and because I know, that what Mr. Madsen is
11 | suggesting is going to reduce cashflow and increase debt,
12 | it's going to adversely impact that metric, and from a
13 | credit score perspective, or credit rating perspective,
14 | that will not be seen as a positive, and so we would not
15 | be in favour of such a move because that is not in the
16 | best interest of customers.

17 | Q. There may not be an undertaking
18 | needed now, given your response. If that's the company's
19 | view of it, it seems that there's no room to trim?

1 A. (Williams) So that's what I was
2 getting at. We know it's going to have a negative impact
3 on the credit ratings, the move to what Mr. Madsen is
4 suggesting. And sorry, when I say credit rating, I should
5 say credit metric, that credit metric. And so we would
6 not see that as positive, regardless of the magnitude.

7 And maybe I'll just add, Mr. Mahody,
8 that is particularly the case because it would not meet
9 the long-term savings for customers either, because Mr.
10 Madsen -- as we've discussed, Mr. Madsen's approach would
11 lead to higher costs for customers over the long term.

12 (SHORT PAUSE)

13 [11:30:00] MR. MAHODY: So, Mr. Chair, I think
14 that leaves this side of the room as no longer requiring
15 an undertaking. We seem to have the response on the
16 record that we were looking to understand the company's
17 position. We have that.

18 THE CHAIR: Thank you, Mr. Mahody.

19 MR. MAHODY: Mr. Goodine, could we go

1 to Board IR-12? PDF 171, I believe. N-27.

2 **BY MR. MAHODY:**

3 Q. So in this IR, this IR references
4 Nova Scotia Power's indication that it had met -- had over
5 65 community meetings held throughout Nova Scotia to
6 discuss reliability and understand customer expectations.

7 And at Item C, Nova Scotia Power was asked:

8 Has [Nova Scotia] Power measured customer
9 satisfaction with respect to reliability as
10 a baseline to test the reliability plan
11 against?

12
13 And down in response to Item (c), on
14 the next page, Nova Scotia Power indicated that:

15 While customer expectations provided
16 valuable insights, [Nova Scotia] Power does
17 not anticipate using CSAT as a measure of
18 the effectiveness of its Five-Year
19 Reliability Plan.

20
21 So Mr. MacIntosh, is this your
22 department?

23 A. (MacIntosh) Perhaps, Mr. Mahody,
24 but if you could ask the question?

1 Q. So Nova Scotia Power is not
2 intending to use a customer satisfaction metric in its
3 reliability plan?

4 A. (MacIntosh) Yes, Mr. Mahody, if
5 you consider the CSAT metric and then how the Five-Year
6 Reliability Plan was created, the Five-Year Reliability
7 Plan was created based on meeting the Nova Scotia Power
8 Performance Standards. So CSAT is not a performance
9 standard; therefore, that is the response to that question
10 on Part C.

11 Mr. Williams will add some additional
12 context.

13 A. (Williams) Yes, Mr. Mahody, I
14 think the CSAT outcomes are certainly -- it's valuable
15 data. It's customers' perspectives, which I've expressed
16 already is something we take very seriously and that we
17 attempt to address. But as Mr. MacIntosh has described,
18 we have -- in the regulatory context, we have the
19 performance standards, which we would view as, in part,

1 | being responsive to or aligned with customers'
2 | expectations in relation to reliable service. And so we
3 | believe that the performance standards -- I mean, the
4 | performance standards allow for there to be an objective
5 | benchmark.

6 | The CSAT outcomes are, like I said,
7 | certainly valuable, but much more difficult to have an
8 | objective benchmark with those, as opposed to the
9 | performance standards. And so that's why the performance
10 | standards are being used as the point in which we're
11 | measuring our success in relation to reliability.

12 | **Q.** And in relation to the
13 | reliability plan, though, how does NSP anticipate
14 | measuring reliability -- customer satisfaction with
15 | respect -- in the reliability plan?

16 | **A.** (Williams) Sorry, Mr. Mahody, can
17 | you just repeat the question?

18 | **Q.** How is Nova Scotia Power
19 | intending to use customer satisfaction or measure customer

1 satisfaction within its reliability plan, if it is?

2 A. (Williams) Yeah, and I think
3 we're undergoing, as you're aware, a review of performance
4 standards at this point in time. That process is ongoing
5 with the Board and there's customer representatives that
6 are participating in that process, or will be
7 participating in that process. And certainly their input
8 as part of that process would be -- our expectation that
9 they would be providing those that they represent, their
10 views and inputs as part of that process. And so we would
11 expect that that process incorporates customers' views,
12 customers' preferences, and that any revised performance
13 standards or the performance standards that come out of
14 this current review would be informative of that, and
15 obviously a reliability plan would be linked to those
16 performance standards.

17 Q. But Mr. Williams, Nova Scotia
18 Power will have a Five-Year Reliability Plan, and if it's
19 not going to measure that reliability plan on the basis --

1 on some basis of customer satisfaction, doesn't that risk
2 just increasing this gap that seems to exist between
3 customer expectations and the company's performance
4 regarding reliability?

5 **A.** (Williams) Well, as I said, sir,
6 I think we need to have -- when we're measuring something,
7 we need to have an objective benchmark. And so the
8 performance standards would serve as that benchmark.
9 Those performance standards are being reviewed and
10 customer impact -- customer views and perspectives would
11 be incorporated as part of that review. So I guess I'm
12 struggling with the premise of your question, which we're
13 not suggesting that we're not taking those views into
14 account, when I'm saying we very much are, because there's
15 a public process where customers will be represented in
16 that process and their input will be part of that process.

17 **Q.** Okay. Well, I guess I'm just
18 focusing on line 16 and 17:

19 While customer expectations provide valuable

1 insights, [Nova Scotia] Power does not
2 anticipate using [customer satisfaction] as
3 a measure of the effectiveness of its Five-
4 Year...Plan.

5
6 Hearing what you heard in the opening
7 statements, say from the NDP Caucus, the Liberal Caucus,
8 both identifying issues regarding perception of
9 reliability, how does that square with potentially
10 ignoring customer satisfaction in the developments of the
11 reliability plan?

12 **A.** (Williams) I don't think anyone
13 is ignoring customer satisfaction and customer views. And
14 I think the Five-Year Reliability Plan and the investments
15 that Nova Scotia Power makes on behalf of its customers
16 are not made in isolation. They're not made by the
17 utility and the utility alone; they're made with input
18 from customer representatives and they're approved by this
19 Board. They're part of a public process where that is
20 specific intended to be addressed.

21 So while we do the work outside of
22 that process to get additional perspectives and make sure

1 | that we are further soliciting those views and those
2 | perspectives, ultimately these decisions are not Nova
3 | Scotia Power's, not Nova Scotia Power's alone. And I
4 | think it goes back to what we've attempted to do with this
5 | Rate Application is build a process and build an
6 | expectation where we're coming to our customer
7 | representatives proactively and soliciting their views as
8 | to what that process will look like, what those
9 | investments will be.

10 | And so I object to the framing or any
11 | insinuation that suggests that we would ignore customers'
12 | interests, because that is not the case at all. We very
13 | much pursue, solicit, and look to obtaining customer
14 | perspectives and views, and then integrate those into our
15 | plans.

16 | Q. And so is it the case, then, Mr.
17 | Williams, that although not the CSAT framework, but some
18 | measure of customer expectation will be -- it'll be part
19 | of the development of the five-year plan, from the

1 company's perspective?

2 A. (Williams) Sorry, sir, can you
3 give me the question one more time?

4 Q. Sure. Will customer expectations
5 be a factor in the development of Nova Scotia Power's
6 Five-Year Reliability Plan?

7 A. (Williams) Yes.

8 [11:40:02] MR. MAHODY: Mr. Goodine, could we go
9 to Board IR-32? Down at -- in response -- bottom of the
10 next page if we could, Mr. Goodine.

11 BY MR. MAHODY:

12 Q. There's just reference to a
13 company finalizing the DE-RIR report and filed with the
14 Board by year end. And I appreciate the company has
15 gotten an extension or sought an extension for that to now
16 March 31st 2026.

17 Is that the company's best current
18 estimate as to when that report will be filed with the
19 Board?

1 A. (Williams) Yes, I believe so. I
2 believe the extension request was sometime in -- made
3 sometime in December, and I believe there's a consultation
4 meeting scheduled for January.

5 MEMBER DEVEAU: I think it was on New
6 Year's Eve, if I'm not mistaken. It might be the day
7 before actually. It was the 29th or 30th I think.

8 MR. WILLIAMS: Yeah, that could be
9 correct, sir.

10 BY MR. MAHODY:

11 Q. But you're still -- you have the
12 end of that Q1 is the timeline for providing it?

13 A. (Williams) That remains my
14 expectation, yes, sir.

15 Q. Go down to Board IR-37. This
16 has to do with the updating of the fuel assumptions. And
17 was there -- there had been a practice of providing an
18 update as of August just prior to the fall -- traditional
19 fall GRA. That's not been done in this case; correct?

1 A. (Willett) That's correct. And
2 in the last GRA the update wouldn't have been used. And
3 as part of Bates White's evidence they discussed the
4 reasonableness of using the pricing date that we have used
5 for that forecast.

6 Q. And the reason why, Mr. Willett,
7 an update as of August 2025 was not provided is what?

8 A. (Willett) Well, as you know, the
9 Application was filed in September, and also Bates White
10 has spoke to that there hasn't been material changes in
11 the fuel pricing to warrant any changes in that.

12 A. (Williams) And I think, Mr.
13 Mahody, Bates White also considered the Consensus
14 Agreement and basically weighed the benefits of updating a
15 fuel forecast given that there's not been any material
16 changes compared to the fact that it would disrupt the
17 agreement that's been reached.

18 THE CHAIR: Just if I could just
19 follow-up on that just a sec.

1 So when you filed of it of course you
2 wouldn't have had Bates White's evidence. So I think, if
3 I understand the response to Mr. Mahody's question, it's
4 primarily you didn't think there were material changes.
5 Is that correct?

6 **MR. WILLIAMS:** Yeah, I think our view,
7 sir, would have been exactly what Bates White's was, that
8 there were not material changes and that making that
9 update would then set us back on a timeline in terms of
10 getting that consensus.

11 **THE CHAIR:** Thank you.

12 **MR. MAHODY:** Mr. Goodine, could we
13 turn to IR-47?

14 **BY MR. MAHODY:**

15 **Q.** Now, this IR was addressing the
16 transfer and the costs associated with the transfer to the
17 new IESO, and it indicates that 2026 is anticipating 26
18 employees -- sorry; 22 employees would be transferred
19 over. Am I reading that correctly?

1 A. (Flemming) I don't see the
2 reference, Mr. Mahody, but I do know -- yes. Thank you.

3 Q. All right. And when did that
4 transfer of employees actually occur?

5 A. (Flemming) That would have
6 occurred, for phase one, Mr. Mahody, in December of 2025.

7 Q. And how many NSP employees moved
8 over to the IESO in December of 2025?

9 A. (Flemming) Nineteen (19)
10 employees, Mr. Mahody.

11 Q. And how many -- what is the --
12 the reference here to 22. The other three, are they going
13 to be moving or is it they already moved?

14 A. (Flemming) My understanding, Mr.
15 Mahody, is that the 19 employees is the complement for
16 phase one. So Nova Scotia Power, when it developed this
17 forecast, had to make some assumptions around the number
18 of employees that should be moved as part of the
19 transition for the IESO, and the company's best estimate

1 at that time was 22 employees. And so we've reduced 2026
2 revenue requirement for those 22 employees but in fact it
3 was 19 employees that moved.

4 Q. And in 2027 your estimate is
5 there's going to be another tranche of employees -- you've
6 taken revenue requirement out of 2027 for another tranche
7 of employees transferring over to the IESO; correct?

8 A. (Flemming) You're correct, Mr.
9 Mahody.

10 Q. And that number is 38 that you've
11 estimated?

12 A. (Flemming) Also correct.

13 Q. And that's accumulative obviously
14 on the 22 that you'd estimated or the 19 that have already
15 gone. So somewhere in the range of 60 employees over that
16 period transferring to the new IESO?

17 A. (Flemming) Correct.

18 Q. Now, you mentioned about the \$1.6
19 million in revenue requirement associated -- estimated

1 with the 22 employees.

2 A. (Flemming) Mr. Mahody, I'm sorry,
3 we're having a difference of opinion here in terms of the
4 labour. I heard 60. My colleague heard a net of 16. Can
5 you clarify what you asked me for the Phase 2?

6 Q. Sixty (60).

7 A. (Flemming) Six zero?

8 Q. No, it was 38 in '22 ---

9 A. (Flemming) Equals 60?

10 Q. Equals 60.

11 A. (Flemming) Then my response
12 stands, Mr. Mahody.

13 Q. Thank you.

14 A. (Williams) I was incorrect.

15 Q. So, Mr. Flemming, in 2026, 22
16 employees, the transfer was estimated to reduce revenue
17 requirement by \$1.6 million. On a per-employee basis
18 that's in the range of \$71,000 per employee. In 2027, for
19 the 38 employees being transferred, the reduction revenue

1 requirement is \$4.5 million, which is about \$120,000 per
2 employee. Can you identify what it is that's driving
3 those differences?

4 **A.** (Flemming) A couple of items, Mr.
5 Mahody. So what we are showing here is a reduction to
6 Nova Scotia Power's operating expense. So the employees
7 are different, and so depending upon the employee's
8 classification there could be a difference in compensation
9 certainly. That would be a piece of it.

10 In terms of the employees in phase
11 one, certain of those employees would be working on items
12 that would be either not charged to operating costs, such
13 as potentially capital or potentially projects, working
14 with folks for interconnection requests that are paid for
15 by the interconnection proponent, and as a result of that
16 those costs are not forecast in Nova Scotia Power's
17 operating expense, they're forecast in either capital
18 labour or in -- those costs are offset. And so as a
19 result of that that's the -- that's driving the difference

1 | there, Mr. Mahody, as well as different classifications of
2 | those employees which leads to different amounts of
3 | compensation.

4 | **Q.** Similar to the first tranche that
5 | you had estimated 22 and then 19 actually have
6 | transferred, as you now look forward to 2027 are you still
7 | anticipating 38? Given the time difference between this
8 | IR response came in and today, is there any modification
9 | to that 38 number?

10 | **A.** (Williams) Not that I'm aware of,
11 | Mr. Mahody.

12 | [11:50:40] **Q.** My next question relates to
13 | Maritime Link Transmission projects, and it's IR -- Board
14 | IR-96. The reply has been filed confidentially, but I
15 | have an undertaking request that I'd like to make to Nova
16 | Scotia Power. And it relates to the portion where the IR
17 | had requested an explanation of how the dollar amount of
18 | each benefit was determined.

19 | **MR. MAHODY:** So if we just can scroll

1 a little bit. Yeah. Sorry; back up toward -- back up to
2 the question.

3 **MR. MAHODY:**

4 Q. What we're looking for is an
5 undertaking about how the unit values for the purchases
6 and benefits were -- benefit calculations were determined.

7 A. (Pecurica) Mr. Mahody, are you
8 asking for an undertaking?

9 Q. I'm asking if that would be -- if
10 you're able to provide that information by ---

11 A. (Pecurica) How these values are
12 determined? Certainly.

13 Q. Yeah. So it's the unit values
14 for the purchases and the benefit calculations, how they
15 were determined.

16 A. (Pecurica) Okay.

17 Q. Okay. And are you also able to
18 show how Nova Scotia Power determined the unit cost for
19 the non-Maritime Link energy?

1 A. (Pecurica) Yes.

2 Q. Great.

3 **THE CHAIR:** That will be
4 Undertaking U-20.

5 **UNDERTAKING U-20 - To advise how**
6 **unit values for the purchases and**
7 **the benefit calculations were**
8 **determined and show how NSPI**
9 **determined unit cost for non-**
10 **Maritime Link energy**

11 **MR. MAHODY:** Mr. Goodine, could we
12 turn to Board IR-100?

13 **BY MR. MAHODY:**

14 Q. This IR was making reference to
15 section 35(b) of the *Public Utilities Act* about setting
16 different levels of return on equity for different classes
17 of capital assets, and I see Nova Scotia Power's response.

18 Is it the company's position that the
19 Board doesn't have authority to set different levels of

1 ROEs unless an intervenor has made that request?

2 A. (Williams) I don't know that I'd
3 want to speak to the authority of the Board, sir, but I --
4 it's the company's interpretation of this provision that
5 the mandatory action does not need to be taken by the
6 Board unless there is, and I refer to the wording of the
7 provision, "ratepayer objectives as submitted to the Board
8 in a hearing for a rate change".

9 Q. But the company has not taken a
10 position on whether the Board has jurisdiction to do it in
11 any event.

12 A. (Williams) I'm -- despite my
13 background, Mr. Mahody, I'm not providing a legal opinion
14 on the ---

15 Q. No.

16 A. (Williams) --- Board's authority
17 or -- no.

18 Q. And I appreciate that, and that's
19 a line that I'm aware of, but I am looking for the

1 company's policy position in relation to this, which I
2 think is a normal course inquiry to make of the Nova
3 Scotia Power general -- Nova Scotia Power's general panel.

4 And so is it the position of the
5 company that the Board does or doesn't have jurisdiction
6 to set differing levels of ROEs absent an intervenor
7 request to do so?

8 A. (Williams) Yeah, and I've
9 provided the company's position, which is the
10 interpretation that the Board is not compelled to act
11 absent submissions from, in the wording of the
12 legislation, "ratepayers".

13 Q. A few questions regarding meter
14 data and then meter reading.

15 MR. MAHODY: Could we turn up Board
16 IR-69, please, Mr. Goodine? And if we can just move down
17 to the responses.

18 Just a little bit further down. And
19 down onto the next page, I think now. Yeah, here it's

1 item (d).

2 **BY MR. MAHODY:**

3 Q. So the IR response indicates that
4 the meters will store 15-minute interval usage for about
5 60 to 90 days, that most residential meters store 90 days
6 of data while bidirectional residential and commercial
7 meters store 60 days of data.

8 For the time-of-day customers, how
9 long will their meters store data?

10 (SHORT PAUSE)

11 **MR. WILLIAMS:** Sorry, Mr. Mahody.
12 Sorry for the delay.

13 I don't have any information to
14 indicate that it would be anything different than what's
15 communicated here other than to make the clarification
16 that we expect those customers, unless they have an
17 additional use within their premises, to have
18 bidirectional meters. And by that, I mean just by virtue
19 of their being on time of day they would not require

1 | bidirectional meters.

2 | **BY MR. MAHODY:**

3 | Q. In the event that this
4 | Application results in revised rates and the
5 | implementation of those revised rates, I'm wondering about
6 | the interaction between the difficulty the company is
7 | having in getting meter reads and getting the data from
8 | meters in the implementation of a rate change.

9 | And what thoughts does the company
10 | have about how they would be able to achieve the
11 | implementation of a rate change in light of the current,
12 | albeit reducing, number of instances of estimation --
13 | estimated bills? How is the company anticipating
14 | implementing a rate change given that dynamic?

15 | **(SHORT PAUSE)**

16 | **MR. WILLIAMS:** Sorry, Mr. Mahody, can
17 | you -- this is becoming a pattern, perhaps, but can you
18 | just give me the question again?

19 | **BY MR. MAHODY:**

1 [11:59:58] Q. Sure. So in the event that this
2 application results in a rate change, how does the company
3 intend to implement that rate change, in light of the
4 significant difficulties you're having in determining
5 meter reads?

6 A. (Williams) So in terms of
7 implementing the rates, it would occur in the normal
8 course, as it always does, but I think the question you
9 pose is a good one, given the current circumstances, and
10 we certainly recognize the difficulties and confusion that
11 have been caused for customers as result of the billing
12 challenges arising from the cyberattack. And so while we
13 always effectively communicate rate changes, I think in
14 this instance, at this point in time, that communication
15 is even more important than it would be in the normal
16 course. So I think communication and attention to that
17 communication and ensuring that it is responding to the
18 current circumstances would be the only material change to
19 implementing those rate changes.

1 Q. So I take your comments about
2 communication and how that might even be of heightened
3 importance of that for now, but I'm still back at the
4 practical point of how the billing is actually going to
5 occur.

6 If I have a meter that used to
7 transmit data directly to the company and the company was
8 able to bill me based on that meter use, the daily rate
9 change would be implemented, I as a customer will have
10 confidence in both now my new electricity, I've received
11 this amount of electricity under this new rate.

12 If I'm a customer who has been
13 receiving estimated bills for the last seven months, I'm
14 not going to have that same level of confidence. Do you
15 see that issue?

16 A. (Williams) The -- sorry, Mr.
17 Mahody, I'm going to ask you to just -- I thought I knew
18 where you were going, and Mr. Willett and I were getting
19 ahead of you. So if you can just repeat the last part of

1 | your question?

2 | **Q.** In a situation in which a
3 | significant portion of your customer bills are being
4 | estimated, as opposed to read, and documented in that
5 | fashion, how can a rate change be reliably implemented, is
6 | what I'm getting at. Don't we have to wait until you've
7 | got things sorted and you can have confidence in this is
8 | the actual energy use that you're actually going to bill
9 | the customer for, or are you anticipating billing on the
10 | -- implementing new rates on the basis of some type of
11 | estimated use?

12 | **A.** (Williams) So I think the
13 | estimated use is just that it's estimated use. It's not
14 | us estimating the bill itself. The bill estimate happens
15 | not at the meter, but within the company. So I wouldn't
16 | expect those issues to impact whether rates change or not,
17 | but I think more importantly to the discussion is the
18 | progress that we have made and continue to make in terms
19 | of rectifying the billing issues that are -- that have

1 | been experienced by customers. And so steps have
2 | certainly been taken within the utility to adjust those
3 | estimates. And we've talked about -- in previous settings
4 | we talked about the reason for that and the switch from
5 | warm to cool seasons and the impact that that has on the
6 | shoulders of those seasons because you're billing usage
7 | that was in warmer months, but it's during a cold month
8 | bill period.

9 | We've rectified that on the system, so
10 | it's no longer billing for those cold months. But again,
11 | more importantly is that we do have communication now with
12 | roughly 400,000 of our meters. So the path that we have
13 | experienced, in terms of being back to a position where we
14 | do have communication with those meters, we have
15 | confidence that we remain on that path and that that issue
16 | will soon be resolved.

17 | Q. And I guess that's what I'm
18 | trying to -- when will that issue be resolved so that the
19 | company is in the position that it was in in February of

1 2025 regarding its ability to understand customer usage?

2 A. (Williams) So I don't know that I
3 can give you a specific date. We've talked about March
4 2026 as being our target to have all meters back on and
5 communicating and that aspect of that technology back and
6 operational. But again, those issues don't impact our
7 ability to implement the rate change, and so we have, as I
8 said, roughly 400,000 meters communicating at this point
9 in time, and we've hired a number of meter readers to go
10 out and lessen the need to estimate bills. But I
11 recognize your point and I recognize the impact. I more
12 than recognize it; I appreciate the impact; we understand
13 the impact. And we're doing everything we can to reduce
14 that impact and ensure that bills are as possible. And I
15 think we've made tremendous strides in that over the last
16 couple months to address the issues that were experienced
17 in November. And again, those issues that were
18 experienced in November were more pronounced because of
19 the switch from warmer to cold months and the way the

1 | system estimated those bills.

2 | Q. The point I was attempting to
3 | address, though, was that imagine in the middle of the
4 | fall of 2025, when you were having the difficulties you
5 | were, that we all of a sudden lumped on a rate increase,
6 | not that the Board would ever do that, but in the event
7 | that that happened, you can appreciate the confusion the
8 | customers would experience. And isn't that the same
9 | confusion that those customers who have not been put back
10 | in communication with NSP would experience if a rate
11 | increase were announced -- were approved prior to that all
12 | getting sorted?

13 | A. (Williams) No, I don't believe it
14 | is, sir, for the reasons that I've discussed. So I
15 | understand your point about where we were in the fall 2025
16 | and my point, what I'm trying to express to you, is we're
17 | not there any longer.

18 | Q. Just on that, Mr. Williams, so
19 | you mentioned 400,000 or perhaps over 400,000 meters being

1 | in communication. Can you give the Board some idea of
2 | what is the total and so how much further -- more progress
3 | needs to be made?

4 | **A.** (Williams) Well, I think -- so
5 | we're talking about numbers. Probably first is 400,000.
6 | We have roughly 550,000 customers, so that gives you a
7 | sense of where that sits. And there's been reads from
8 | those -- that communication. So not just that those
9 | meters are communicating, there's been reads from those
10 | communications. It's going to take time to get the data
11 | from those reads and input those into bills, but like I
12 | said, we're not in the place we were in the fall of 2025,
13 | and we're confident that we're on the right path to
14 | addressing the issues.

15 | **Q.** And do I understand it correctly
16 | that the way to resolve the issues -- and the issue, as I
17 | understand it, is that trying to understand how much a
18 | usage customer has made of your electricity, we have to be
19 | able to rely on the meter and that communication, also to

1 | some degree rely on meter readers. Now as a consequence
2 | of the cyber incident, relying much more heavily on meter
3 | readers, as we then get the communications -- you get the
4 | communications re-established with the meters. But in
5 | order to get back to a point at which each bill is being
6 | based on either a meter read electronically or a meter
7 | read by a person, when are you going to get to that state,
8 | which you're -- all meters are actually being read, one
9 | way or the other?

10 | **A.** (Williams) So I think as we've
11 | communicated what our goal is, is to -- and our expected
12 | timeline on that is March 2026.

13 | **Q.** And is Nova Scotia Power prepared
14 | to update the Board on some basis, perhaps on a monthly
15 | basis between now and the end of March, on its progress
16 | towards achieving its intended goal?

17 | **A.** (Williams) I believe that would
18 | be part of the cyber inquiry, sir.

19 | [12:10:09] **Q.** It may well be, and there may be

1 -- this may not be the only item of overlap, but this
2 Application is requesting new rates, and as the Board
3 decides on that issue you agree with me that it's
4 important that new rates should be provided to a utility
5 who has the ability to accurately bill its customers.

6 **A.** (Williams) So I'm -- two things,
7 I guess. I'm just suggesting that that reporting is
8 already provided as part of that. I'm not suggesting that
9 it's somehow out of scope, I'm just telling you that the
10 Board already ---

11 **Q.** Understood.

12 **A.** (Williams) --- gets that
13 information.

14 **Q.** Okay. And is what you're
15 currently reporting, from the company's perspective, is
16 that a reasonable amount of data in order to measure your
17 progress towards your March 2026 goal of completion?

18 **A.** (Williams) Yes, I believe it
19 would be, yeah.

1 Q. And your use of meter readers...

2 MR. MAHODY: If we could just turn to
3 Board IR ---

4 THE CHAIR: Actually, Mr. Mahody,
5 could I jump in here just on this IR before we leave it.
6 Apologies.

7 Just so I am clear, you've got the
8 analogy in there about the odometer for a vehicle in terms
9 of how the meters work. On the effective date of the rate
10 change, if you've got a customer who has not had an actual
11 read for some period before, and potentially some period
12 after, how do you know what that odometer reads on the
13 date of the rate change?

14 (SHORT PAUSE)

15 MR. WILLIAMS: So, sorry. It would be
16 just as it has been in the past when we've had to estimate
17 bills as -- and a rate increase would have occurred in
18 the period. So we would do a proration of the time in
19 that period and the time that the rate increase came into

1 effect. And I'm -- just follow up on what I was saying
2 with Mr. Mahody, that we do believe that we're on the path
3 to having that communication and understanding the usage
4 of those customers.

5 THE CHAIR: Isn't the potential now,
6 though, right now, that there is customers who have gone
7 on for a longer period of time between actual reads than
8 would have been the case with prior rate increases?

9 MR. WILLIAMS: There is -- I do
10 believe there is that potential, but I think it's
11 certainly much more reduced than it would have been two or
12 three months ago for sure.

13 THE CHAIR: Okay. But still some
14 customers who have larger than you would want periods
15 where you're in between actual reads, you might be
16 proportionately estimating for purposes of rate changes
17 across potential seasons in terms of use?

18 MR. WILLIAMS: I don't know that would
19 be estimating across potential seasons at this point, but

1 I think there is the potential there that it's longer than
2 it would have been in some instances. But I would note
3 that, I mean, prior to AMI technology we would have been
4 in a very similar situation. We would have meter readers
5 out there more regularly, and more meter readers on staff.
6 But the issue is not a new one, in terms of having to
7 estimate -- the potential to have to estimate a bill
8 despite the fact that there's been a rate increase.

9 THE CHAIR: Well, it's colder now. So
10 if a customer is using more electricity now, and we don't
11 get a decision now and effective rates don't come into
12 March, April, whenever, part of the period is going to be
13 an early colder period where it should be a lower rate,
14 and part would be a higher rate but would be warmer when
15 they're, perhaps, using less electricity. But your
16 response is to prorate that across all of them, which
17 would in effect have the customer really paying a little
18 bit higher than they would otherwise. Correct?

19 MR. WILLIAMS: Yes, sir, I agree. I

1 mean, that is a reality in -- anytime there has been an
2 increase in the past. And I'm going to keep going back, I
3 suppose, to the fact that we've got 400,000 communicating
4 at this point in time, and we do believe we're on track
5 for March.

6 **THE CHAIR:** Thank you.

7 **MEMBER DEVEAU:** Just one other follow
8 up. The 400,000 meters that you're communicating with
9 now, when your next bill is issued are you billing -- are
10 you still doing estimated bills or will those bills be
11 actual usage?

12 **MR. WILLIAMS:** Well, it's a -- there's
13 -- not all customers get billed on the same cadence, so
14 difficult to say specifically, sir. I think what I can
15 tell you is that of those 400,000 that are communicating
16 it will take time for us to gather the data and issue
17 bills as a result of that. Again, we still remain on path
18 for March, but the next bill for some of these customers
19 could be in two weeks time, and some of them it could be a

1 month and a half.

2 So I struggle to provide a definitive
3 answer to you, but certainly as we progress, less and less
4 customers would be getting estimated and would be getting
5 read bills.

6 **MEMBER DEVEAU:** Right, yeah. But what
7 I meant -- perhaps I wasn't clear. So when the next bill
8 is issued to whoever, would it based on actual time, or
9 are you going to do them all -- from a certain date,
10 you'll do them all actual? So ---

11 **MR. WILLIAMS:** So I hesitate to speak
12 definitively on it because it is an evolving issue, but I
13 think you did ask the question correctly and I perhaps
14 just misunderstood it. But my point is just that even for
15 those customers who may be receiving a bill imminently
16 because of their bill cycle, even if we have communication
17 with their meter we may not be in a position to issue that
18 bill because we need to assess the data that was received
19 and make sure that we are issuing that accurate bill. And

1 again, I'm versed in this, but I'm not the person that's
2 in the building doing this work.

3 THE CHAIR: And I maybe should have
4 asked this as part of the prior question, but with the AMI
5 meters, when you do get that data back, are you able to
6 then precisely say what amount has been used for the rate
7 change and after the rate change?

8 (SHORT PAUSE)

9 MR. WILLIAMS: So yeah, my
10 confirmation, sir, was just going back to the IR response,
11 and so:

12 Other meter data stored at the meter, such
13 as 15-minute interval usage and meter
14 notifications, are stored for a range of 60
15 to 90 days...

16 So I believe the answer to your
17 question would be yes, but it would be subject to that
18 storage ---

19 THE CHAIR: Unless it was longer ---

20 MR. WILLIAMS: --- limit ---
21

1 THE CHAIR: --- than 60 or 90 days.

2 MR. WILLIAMS: Yes.

3 THE CHAIR: Yeah, okay. Thank you.

4 BY MR. MAHODY:

5 Q. Mr. Williams, for that 100,000,
6 150,000 meters that you don't yet -- have not yet established
7 contact with, are there certain kind of common challenges
8 that fall into different groups? Is it a network connection?
9 I don't know what it could be, but are there different kind
10 of common causes that you're working through in order to
11 achieve communication with additional tranches of customer
12 meters?

13 (SHORT PAUSE)

14 [12:20:00] MR. WILLIAMS: I'm not aware of
15 anything specific in relation to those 150, Mr. Mahody.
16 I've -- I mean, I'm going to just leave it at that. I'm
17 not aware of any specific challenges, other than it's just
18 being worked through on an iterative basis.

19 BY MR. MAHODY:

1 Q. So for instance, on the AMI
2 install itself, separate and apart from the cyberattack,
3 there were areas where network connection was presenting
4 challenging to the company, to the last 3 percent of
5 customers, or whatever number to connect the meters. The
6 network connection was an issue that was being
7 experienced. There are no kind of common elements like
8 that that you're able to identify in getting the rest of
9 the meters back up after the cyber incident?

10 A. (Williams) No, nothing that I'm
11 aware of. And we're talking about -- obviously we're
12 talking about 550 number as kind of our -- the end of our
13 bookend, so to speak. But to your point, there are
14 customers that there was difficulty communicating with
15 prior to the cyberattack. There were customers that had
16 opted out. So that would certainly reduce -- those
17 numbers are small, admittedly, but that would reduce the
18 number of meters we're talking about that are left.

19 Q. In the Application, I don't think

1 we need to call this up, but it's Exhibit N-8 at Appendix
2 13(c), Nova Scotia Power had indicated that it received
3 approximately 650 inbound calls from opt-out customers
4 back in 2024. And you estimated associated customer care
5 expenses with those calls at about \$10,000, from an opt-
6 out perspective. But I'd like to take you to now your
7 estimates for opt-out cost moving forward.

8 MR. MAHODY: And Mr. Goodine, the
9 Exhibit is N-4(i).

10 BY MR. MAHODY:

11 Q. So who on the panel will address
12 this document?

13 A. (Flemming) Let's start with me,
14 Mr. Mahody.

15 Q. All right. So there is an
16 expense that's associated over on...

17 MR. MAHODY: If we can just scroll
18 down a bit, Mr. Goodine, please?

19 BY MR. MAHODY:

1 Q. All right. In cell K36, the
2 144,863. All right. We understand that to be the
3 estimated calls -- the estimated expenses associated with
4 the customer care calls. Are we reading that correctly,
5 Mr. Flemming?

6 A. (Flemming) You are, Mr. Mahody.

7 Q. Okay. And are you able to
8 indicate how many calls Nova Scotia Power is anticipating
9 that that \$144,000 is going to kind of pay to respond to?

10 A. (Flemming) So Mr. Mahody, if you
11 look at cell -- excuse me; if you look at row 24, you call
12 see the number of calls that are expected. You can see
13 the line item there. It's called "Customer Care Calls
14 Generated".

15 Q. And are those 13,333 calls, those
16 are opt-out related calls?

17 A. (Flemming) Yes, that's correct,
18 Mr. Mahody. We calculated that as an expected amount of
19 calls per customer annually of .71. So less than one

1 customer call per year per opt-out customer, but .71 calls
2 per year per opt-out customer. And, you know, the big
3 factor in this. I think, Mr. Mahody, is around the
4 timeliness of the rates, right? So Nova Scotia Power had
5 brought forward AMI opt-out calculations before proposals,
6 determined that reading for most of the customers, our
7 current bimonthly customers, twice a year. And so we
8 believe that a -- that our best estimate, I guess, is that
9 customers will need to be in contact with Nova Scotia
10 Power more than they currently are because of they're not
11 having six reads a year anymore. They're only having two
12 reads a year.

13 Q. Just the difference between the
14 2024 number of 650 inbound calls from opt-out customers,
15 2024, to 13,333 in 2025. Just assist me with what's
16 driving that change?

17 A. (Flemming) I think, Mr. Mahody,
18 it's based upon just what I said. Point seven one (.71)
19 calls per customer. So we work with our Customer Care

1 team to determine that. And again, it's based upon the
2 fact that we're moving from six reads to two reads per
3 year and customers will have reason to call us to say,
4 "Well, I've had an estimated bill because you haven't read
5 my meter for a while. We were actually out of town for
6 three weeks. Can we -- can I submit a meter read?" Or --
7 there will be a lot -- there will be significantly
8 increased high bill inquiries, Mr. Mahody. I think that
9 would be a natural outcome of moving from six reads a year
10 to two.

11 Q. And has the company seen any
12 uptick in AMI opt-out since the cyber incident has
13 occurred?

14 A. (Flemming) Not that anyone on the
15 panel is aware of, Mr. Mahody. I don't believe so.

16 Q. And sorry, just by that, Mr.
17 Flemming, is it -- I want to make sure I've got the
18 company's full view, but I'm prepared to take an
19 undertaking if you need to, but if it's an issue that if

1 | it were to happen, you're confident one of the five of you
2 | would know, then I'll take that, but if not, I'd like you
3 | to check and provide an undertaking response of whether or
4 | not there has been any uptick in AMI opt-out since the
5 | cyber incident.

6 | A. (Flemming) We're confident that
7 | there has been no uptick.

8 | MR. MAHODY: If I could just have a
9 | moment? I think I may be near done.

10 | (SHORT PAUSE)

11 | BY MR. MAHODY:

12 | Q. Thank you. Those are all my
13 | questions.

14 | MR. MAHODY: Thank you, Mr. Chair.

15 | THE CHAIR: Thanks. We're at 12:30
16 | now, so we'll take our break for lunch at this point in
17 | time. We'll come back at 1:30 with panel questions.

18 | Thank you.

19 | --- Upon recessing at 12:29 p.m.

1 --- Upon resuming at 1:30 p.m.

2 THE CHAIR: Okay. Welcome back,
3 everyone. Any preliminary matters before we resume
4 questions?

5 Mr. Murphy?

6 MEMBER MURPHY: Thank you, Mr. Chair.

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1 JONATHAN MacINTOSH, Previously Affirmed:

2 CRAIG FLEMMING, Previously Affirmed:

3 BLAKE WILLIAMS, Previously Affirmed:

4 MICHAEL WILLETT, Previously Affirmed:

5 DRAGAN PECURICA, Previously Affirmed:

6 QUESTIONS FROM MEMBER MURPHY

7 Q. Good afternoon, panel. Mr.
8 Mahody took quite a few of my questions, so I don't
9 actually have a lot, you'll be pleased to know.

10 My first question is related to the
11 load forecast that was included within the GRA. I'm not
12 sure who to direct the questions to. Would that be you,
13 Mr. Williams? Whomever.

14 In the Bates White evidence, they
15 pointed out two elements of the load forecast for the
16 noted year-over-year volatility between the 2025 load
17 forecast and the 2024, and those included the load
18 forecast for electric vehicles and for heat pumps. My
19 question is really about the heat pumps.

1 In Bates White's evidence, they said
2 the forecast of new heat pumps have dropped substantially.
3 In the 2025 load forecast, Nova Scotia Power expected
4 45,333 total cumulative installations in '26 and 67,138 in
5 2027, and those values represent a decrease of 29.4
6 percent and 20.8 percent in 2026 and 2027, respectively,
7 as compared to the 2024 load forecast.

8 So I read both forecasts and I still
9 wasn't clear as to why there's that significant a drop in
10 the heat pump installations over the two test years. So
11 I'm just wondering if somebody could help me out with
12 that.

13 **A.** (Williams) So I don't think we
14 have a definitive answer for that, but our understanding
15 is that would relate to the incentives that would be in
16 place to fund or pay for some of those and changes to
17 those programs.

18 **Q.** The elimination of those
19 incentives. Okay.

1 Do you have any sense of what the
2 impact would be on the load forecast if those reductions
3 in heat pumps were incorporated into the GRA forecast?

4 A. (Williams) Not a response I'd be
5 comfortable giving you, sir.

6 Q. Needless to say, it would be
7 lower in terms ---

8 A. (Williams) An increase in load --
9 sorry, the decrease in load.

10 Q. The decrease in load.

11 A. (Williams) Yes.

12 Q. And would it be fair to say if
13 there was a decrease in overall load, in general, the
14 impact on rates it would drive rates up a little bit?

15 A. (Williams) Yes, directionally if
16 we decrease our sales, have this same revenue requirement,
17 it would be -- it would directionally be an increase.

18 Q. Okay. Thank you.

19 I have a question on fuel costs, and

1 | it really relates to the smoothing mechanism that was used
2 | to smooth overall rate impacts. And I understand the
3 | rationale for doing that, and I don't really need an
4 | explanation of how the smoothing process was done. But in
5 | terms of that smoothing, my understanding is that there's
6 | an over-collection in 2026 and an under-collection in 2027
7 | for fuel costs; correct?

8 | A. (Willett) That's correct.

9 | Q. Was there any kind of assessment
10 | in terms of, I guess, time value money for customers who
11 | over-collected in the first year versus under-collecting
12 | in the second year?

13 | A. (Flemming) Yes. So that would be
14 | reflected in the FAM interest expense that is reflected in
15 | Nova Scotia Power's statements.

16 | Q. Okay. Thank you.

17 | My next few questions are on rate
18 | base, and I think they're probably for you, Mr. MacIntosh.
19 | In IR -- it might be for you or Mr. Flemming perhaps.

1 In IR-92 -- Board IR-92 -- Nova Scotia
2 Power was asked to list all capital items included in the
3 GRA application which have not yet received Board approval
4 and, for each of those projects, to identify the amount
5 included for each project along with the associated amount
6 of ROE and depreciation expense with those.

7 **MEMBER MURPHY:** And Jeff, you have it
8 called up there. If you could scroll down a bit to --
9 right there, the last paragraph.

10 **BY MEMBER MURPHY:**

11 **Q.** It says -- in response, Nova
12 Scotia Power said:

13 Certain investments that are included in the
14 test period may not advance during the test
15 period and other projects are likely to
16 differ in timing of investment as Nova
17 Scotia Power utilizes its asset management
18 framework to refine the capital plan. While
19 certain investments included in the GRA may
20 not advance, or will advance on a differing
21 timeline, Nova Scotia Power expects that
22 other capital investments will take their
23 place and the overall level of expected
24 capital investment will be similar to that
25 which is included in the forecast.
26

1 I guess I just want to get a sense of
2 why the company is confident that that's going to be the
3 case, that actual expenditures will closely track what's
4 forecast in the GRA.

5 **A.** (MacIntosh) In the test period,
6 as this response outlines, is that these are forecasts for
7 '26 and '27. The way that we would define the costs --
8 sustained capital costs associated with the major assets
9 would be built upon the risk associated with those
10 generating stations or transmission lines and specific
11 assets.

12 The point we're making here, though,
13 is if that there is a decline in one asset class or
14 generation asset, that would give the company the ability
15 to direct that capital to the next higher priority item.
16 So, for example, if there was opportunity, as we have been
17 doing, to minimize capital in generation and there was a
18 change in mission, then we could divert that capital over
19 to the energy delivery reliability, for example. So

1 | that's why we're saying that sustaining capital levels
2 | would remain aligned with the forecast.

3 | Q. So you'll kind of manage your
4 | capital expenditure program to match the GRA forecast, in
5 | effect.

6 | A. (MacIntosh) Correct.

7 | Q. Can you -- I wonder, perhaps as
8 | an undertaking, can you provide Nova Scotia Power's actual
9 | level of capital investment in '23 and '24 as compared to
10 | what was included in the '22 GRA compliance filing?

11 | A. (Flemming) Yes, we can.

12 | **THE CHAIR:** That will be Undertaking
13 | U-21.

14 | **UNDERTAKING U-21 - To provide**
15 | **Nova Scotia Power's actual level**
16 | **of capital investment in '23 and**
17 | **'24 as compared to what was**
18 | **included in the '22 GRA**
19 | **compliance filing**

1 **MEMBER MURPHY:** Jeff, could you call
2 up -- it's an Excel file. It's response to that
3 particular IR, N-27(iii), Attachment 1.

4 **MR. GOODINE:** What IR is it?

5 **MEMBER MURPHY:** Ninety-two (92); Board
6 IR-92.

7 **(SHORT PAUSE)**

8 **BY MEMBER MURPHY:**

9 **Q.** So this is the attachment that
10 was provided in response to the IR, which lists all the
11 projects that were included in the GRA forecast that had
12 not been approved by the Board to date, and it includes
13 the estimated filing date and the estimated expenditures
14 in '26 and '27. The IR asked for depreciation expense and
15 ROE, and I think we went -- in the prior GRA, I think you
16 and I, Mr. Flemming, had a discussion about that. I'm not
17 particularly fussed about not providing those numbers.

18 [1:40:07] I just have a couple questions on this
19 list. There was one project in particular that I noticed

1 | wasn't on the list, and it had been recently filed with
2 | the Board, so it's not approved as of yet, and it's the
3 | LM6000 life -- 191332 Life Extension and the LM6000
4 | 1914433 Engine Refurbishment. Those were filed with the
5 | Board in August of 2025 and they have a combined total of
6 | roughly 42 million. I don't see them on this list. I'm
7 | just -- given that they've yet to be approved by the
8 | Board, I'm wondering why they were excluded?

9 | **A.** (MacIntosh) Yes, Mr. Murphy, I
10 | appreciate your point. I do not have a response for that.
11 | I'd have to take that away as an undertaking.

12 | **Q.** Well, I guess since I asked the
13 | question, maybe we'll get an undertaking on that, then.
14 | If I missed them and they're there, let me know.

15 | **A.** (Williams) I don't believe so,
16 | Mr. Murphy, but just one moment while we look at some
17 | information.

18 | **Q.** Okay.

19 | **(SHORT PAUSE)**

1 **MR. MacINTOSH:** Yes, Mr. Murphy, I
2 think it's appropriate that we just take the undertaking.

3 **MEMBER MURPHY:** Okay.

4 **THE CHAIR:** So that would be
5 Undertaking U-22. As I understand it, it's to provide
6 information on why the two LM6000 projects, one relating
7 to the life extension and the one relating to the engine
8 refurbishment, were not included in the list in the
9 exhibit.

10 **MEMBER MURPHY:** That's right.

11 **MR. WILLIAMS:** Correct.

12 **UNDERTAKING 22 - To provide**
13 **information on why the two LM6000**
14 **projects, 191332 Life Extension**
15 **and 1914433 Engine Refurbishment,**
16 **were not included in the list in**
17 **the response to Board IR-92**

18 **MEMBER MURPHY:** Thank you.

19 **BY MEMBER MURPHY:**

1 Q. We'll keep this exhibit up; I
2 have one more question on it. The number of projects
3 listed in this list is, I summed it up, it looks like it's
4 about two -- 39 projects. And the capital expenditure for
5 2026, by my math, comes to roughly \$218 million. In the
6 -- the company just recently filed the 2026 ACE Plan. And
7 I could call it up if you like, but Mr. MacIntosh, you're
8 probably familiar with it, but if you'd like I can call it
9 up. But the spending for 2026 in the ACE Plan, the
10 capital spending for projects that are yet to be approved,
11 total about 223 million, by my math. So the numbers are
12 pretty close between what's on this list and in the ACE
13 Plan. However, the ACE Plan has 27 projects listed that
14 haven't been approved yet and another 40 that are listed
15 for subsequent approval.

16 So although the capital investment is
17 similar for '26 or 2026, appears to be similar, the number
18 of projects is quite different; 39 in one, 67 in the
19 other, and in some cases, you know, there's completely new

1 projects, ones that are eliminated and whatnot.

2 So the response to this IR was filed
3 on November 5th, 2025. The ACE Plan was filed on December
4 12th, 2025, so not a big span there. Why the difference in
5 the projects?

6 **A.** (MacIntosh) Yes, Mr. Murphy, even
7 though this response was filed, as you say, in November,
8 the data that was associated with the response would have
9 been from the Revenue Requirement Forecast. So that's the
10 gap in timing.

11 As per the response, the talking about
12 the Asset Management Mechanism and how we continue to
13 update condition and priority criticality, there would
14 have been a time lag between the -- what was the highest
15 value project for customers during the time that we
16 submitted the revenue requirement versus the time we
17 submitted the ACE Plan.

18 **Q.** Okay. Thank you.

19 I just wanted to pick up on Lingnan 2

1 as well, following up on some of the questions that Mr.
2 Mahody asked and that Mr. Deveau asked a little bit
3 earlier, because Bates White noted in their evidence,
4 looks like in the 2026/'27 -- or '27 GRA period, that Nova
5 Scotia Power plans to spend roughly 18.4 million in 2026
6 and another 2.5 million, roughly, in 2027. And Lingnan --
7 and I think you confirmed with the Chair this morning that
8 those related costs have been incorporated into the GRA
9 cost forecast. Is that correct?

10 **A.** (MacIntosh) Yes, they've been
11 included in the forecast, but since we filed the revenue
12 requirement, the profile of that spend for Lingnan Unit 2
13 has changed, so we'll see now in, as you mentioned, the
14 2026 ACE Plan, that major refurbishment doesn't start in
15 2026. All the spend is in '27 of the test period now.

16 **Q.** Right, but I did look at the ACE
17 Plan, and it looked like specifically for Lingnan 2, it
18 looked like \$299,000 was to be spent for Lingnan 2 and
19 then there was some other projects that were just Lingnan

1 | in general. I don't know which ones of those would
2 | actually be assigned to Lingnan 2 itself, but the one that
3 | was for 299,000 was labelled a 2025/20256 capacity
4 | requirement.

5 | **A.** (MacIntosh) Correct.

6 | **Q.** So I guess I'm just -- you know,
7 | from what I understood this morning, there was sort of \$18
8 | million projected in the GRA associated with that project
9 | for 2026 and now there's only roughly 300,000 in the ACE
10 | Plan. How does that reconcile with rates, I guess? Is
11 | the GRA over-forecasting costs related to Lingnan 2 over
12 | the test period?

13 | **A.** (MacIntosh) The GRA included a
14 | capital forecast, as I mentioned, that the Capital
15 | Application for those projects would come forward for
16 | approval, but since we filed the revenue requirement with
17 | that capital forecast, our assessment and the timing of
18 | that major refurbishment has moved to '27.

19 | **Q.** I understand that, but within the

1 revenue requirements.

2 A. (MacIntosh) So our intention is,
3 on the scope of work that the major refurbishment would be
4 completed in '27 at this time. So all that spend would be
5 in '27, versus '26.

6 The overall capital spend for the --
7 between those two years is similar to that what we've had.
8 Yeah.

9 Q. I understand that. I'm just --
10 I'm wondering what the -- you know, the projection in the
11 GRA was 18 million in '26 and 2 million in '27 and now,
12 according to the ACE Plan, it's 300,000 in 2026. And I
13 can't tell from the ACE Plan what it is for 2027, but does
14 that have any -- does that suggest that there's some
15 costs, I guess, related to Ligan 2 that are perhaps
16 overstated for 2026 within the revenue requirements.

17 A. (MacIntosh) Yes, Mr. Murphy.

18 So we would have, to your point,
19 overstated for 2026 but understated for 2027.

1 Q. Fair enough. I don't know what
2 the projection is on the ACE Plan -- what the capital
3 expenditures projected for 2027, but from what I'm
4 hearing, it's going to be close to 20 million in 2027.

5 A. (MacIntosh) Correct.

6 Q. Okay. Thank you.

7 I'm going to move on to OM&G costs,
8 and I just wanted to pick up on another topic that Mr.
9 Mahody raised this morning, and that was related to the 9
10 million per test year that was removed from O&M costs as
11 part of the Consensus Agreement.

12 And my first question is, with the
13 removal of those 9 million costs, does Nova Scotia Power
14 foresee any reduction in service to customers?

15 A. (Flemming) So the short answer is
16 no. The intent in what was communicated, what was
17 negotiated with customer representatives, was for Nova
18 Scotia Power to endeavour to find those costs while
19 providing a level of service to customers that we believe

1 | they expect and that's why we have not been able to, at
2 | this point, pinpoint exactly where those savings are going
3 | to come from. Those are savings that are a stretch
4 | target, I would say.

5 | I'm not exactly sure where those
6 | savings are going to come from, but the intent is
7 | certainly not to reduce the level of service to customers
8 | in combination with reducing those costs.

9 | **Q.** Okay. Thank you.

10 | And I think Mr. Mahody noted this
11 | morning that the -- at least what was noted under the IR
12 | responses was at this point, Nova Scotia Power is
13 | projecting to include that 9 million back in 2028.

14 | **A.** (Flemming) At this point, not
15 | knowing where the reductions in operating expense are
16 | going to come from, Nova Scotia Power has elected not to
17 | change its 2028 operating cost forecast. To the extent
18 | Nova Scotia Power was -- would come into the Board asking
19 | for new general rates for 2028, the company would come up

1 with a -- would reforecast its revenue requirement with
2 updated information and bring it before the Board at that
3 time.

4 Q. But at least, according to that
5 IR response, at the moment Nova Scotia Power is
6 forecasting that that 9 million would be back in in 2028.

7 A. (Flemming) And the reason for
8 that is not so much that we're planning on inflating that
9 and bringing that back up by \$9 million is we just -- we
10 haven't pinpointed where, exactly, those cost savings are
11 going to come from. And to the extent that they're
12 permanent savings, we're able to find permanent savings,
13 absolutely those -- that reduction would be included in
14 future revenue requirements.

15 But potentially, they could be
16 temporary savings. We're just not sure at this point, Mr.
17 Murphy, and so at this point we weren't comfortable
18 adjusting the forecast that far in the future.

19 Q. If Nova Scotia Power is able to

1 | achieve its regulated ROE in '26 and 2027 with those cost
2 | savings taken out, wouldn't that imply that they weren't
3 | needed in 2028?

4 | **A.** (Flemming) It's dependent -- it
5 | depends, I guess, is the answer, Mr. Murphy. It depends
6 | upon the cost pressures facing the company at that time,
7 | and until we have a better feeling or handle on what the
8 | cost pressures are at that time, I would say that it's
9 | hard to answer that question definitively.

10 | Your point is well taken. To the
11 | extent we are able to find that reduction and still cover
12 | the cost of service, that absolutely would be informing
13 | the 2028 forecast.

14 | **Q.** Okay. Thank you.

15 | **MEMBER MURPHY:** Jeff, can I ask you to
16 | call up Exhibit N-6, please? PDF page 9.

17 | I just have a couple of questions
18 | related to some forecast power product OM&G costs.

19 | That's it right there. Page -- PDF

1 | page 9.

2 | Scroll down a bit. Yeah, it's the
3 | second bullet.

4 | **BY MEMBER MURPHY:**

5 | **Q.** It says -- this is when noting
6 | the change in O&M costs from '25 to '26. It says part of
7 | the reason for the decrease -- there's:

8 | Decreased expense in Solar, Hydro and Wind
9 | due to the proposed transfer of the variable
10 | component of the Nuttby Wind maintenance
11 | contract, which is based on generation
12 | output to Fuel and Purchased Power expense,
13 | and reduced expense for environmental
14 | requirements forecast for Hydro as compared
15 | to 2025.

16 |
17 | Can you just tell me what those
18 | reduced environmental requirements are?

19 | **A.** (Flemming) Mr. Murphy, those are
20 | -- that is a reduction in consulting expense that was
21 | incurred by the hydro team in 2025. It really is timing
22 | of when those costs were incurred. It's not meant to
23 | indicate that there is reduced environmental requirements

1 on our Hydro Department. That's certainly not the case
2 and, actually, we're seeing the opposite of that.

3 Q. Okay. Thank you for clarifying
4 that.

5 MEMBER MURPHY: And just scroll down
6 to the next page, Jeff, page 10. I think it's page 10.

7 Keep scrolling down a bit.

8 BY MEMBER MURPHY:

9 Q. I may have the page wrong, but
10 when they compared the 2026 to '27 forecast for OM&G power
11 and production costs, Nova Scotia Power noted that there
12 was -- the increase was partly related to inflationary
13 pressure and the requirement for tunnel inspections at
14 Wreck Cove in 2027. Why are those inspections required in
15 2027 at Wreck Cove?

16 A. (MacIntosh) Mr. Murphy, these
17 inspections are required for Tunnels T1 and T2 to monitor
18 the condition of those tunnels to ensure that they are
19 reliable and safe, that we don't have any pending --

1 pending condition factors inside those tunnels that could
2 result in, say, a fall of ground. So that's why we do
3 those inspections, those ROV inspections on those tunnels.

4 Q. Would those inspections not -- is
5 there any capital projects related to those tunnels in the
6 works?

7 I guess my question is really why
8 wouldn't those inspection costs be tied to a capital
9 project?

10 A. (MacIntosh) If there were
11 identified capital associated with those inspections
12 that's pending and we had confidence that it was going to
13 drive capital, then they would be capitalized. But there
14 is also just ongoing condition assessments that might not
15 have an immediate capital expenditure that we would need
16 to monitor just the risk of a tunnel.

17 Q. Okay. Thank you. This is a very
18 minor question.

19 MEMBER MURPHY: But if you go to

1 | page 21 of that same exhibit, Jeff. Hopefully this time I
2 | have the page number right. I think I do.

3 | It's -- this is -- it's -- zoom in a
4 | bit, Jeff, the second-last paragraph there where it says,
5 | "consistent with 2023".

6 | **BY MEMBER MURPHY:**

7 | **Q.** The last sentence says:

8 | Post Tropical Storm Fiona costs are not
9 | included in the table as [the] storm
10 | restoration operating expense[s] [were]
11 | deferred as a regulatory asset and is being
12 | amortized over a period of five years and as
13 | such, these expenses were removed...

14 |
15 | [2:00:00] Is that a typo? The Board's decision,
16 | I think, was that it be amortized over 10 years.

17 | I think in N-27, response to Board
18 | IR-2, Attachment 2, it does say 10 years.

19 | **A.** (Flemming) You are correct,
20 | Mr. Murphy, that is a typo.

21 | **Q.** That's just a typo.

22 | **A.** (Flemming) Yes.

23 | **Q.** Okay.

1 A. (Flemming) Thank you.

2 A. (Williams) Mr. Murphy, on page 47
3 of the Application it also refers to the 10-year period.

4 Q. Yeah. Yeah, okay. Thank you.

5 And just to confirm, in the test -- in
6 the 2026-2027 test year, Nova Scotia Power has not
7 included any equity return on those costs; correct? Or on
8 that -- the deferral, I guess.

9 A. (Flemming) Mr. Murphy, you're
10 correct. So Nova Scotia Power has removed those deferred
11 OM&G costs from its rate base and is not calculating a
12 return on rate base on those amounts for the test period.

13 Q. Okay. Thank you.

14 **MEMBER MURPHY:** Is this still N-6,
15 Jeff?

16 Could you go to page -- PDF page 22,
17 please. Right there.

18 This relates to storm costs, and in
19 the middle of the page it has a table for -- just scroll

1 up a little bit there, Jeff.

2 **BY MEMBER MURPHY:**

3 Q. It has a table related to storm
4 cost projections, or costs from 2020 to 2024, and it says
5 -- after the table, it says after deducting AMI benefits
6 of 1.5 million and 0.7 million and 0.9 million for 2020
7 and 2022, respectively, and escalating the five-year
8 average costs for Nova Scotia Power came up with its
9 estimates for '26 and '27 for storm costs.

10 Can you just tell me how those AMI
11 benefits were calculated, the 1.5, 0.7 and 0.9?

12 A. (Flemming) I don't have the math
13 in front of me, Mr. Murphy, but they were similar to how
14 we would have done the AMI benefit calculations in the
15 last General Rate Application where we had a reduction of
16 costs associated with truck rolls, that type of thing.

17 And really, what we did was we applied
18 that same rationale to prior periods to basically look at
19 it as if we had -- if those periods were similar to the

1 | period that we are now in where we do have the benefit of
2 | AMI technology, how much would those have been reduced by.

3 | And it is scalable to a certain extent
4 | because the 1.5 million would be higher because you had
5 | more storm costs than you had in 2021, and then you see
6 | that even though you would expect 2022 to increase by more
7 | than it does, that's a half year because we would have had
8 | the AMI operational for that last -- that latter half of
9 | the year, and so that's how we applied that.

10 | And really, what we're doing is
11 | reducing prior years to make those fit to the current
12 | state of technology and reflect cost benefits in the
13 | future storm costs forecast.

14 | **Q.** Is there any reason there was no
15 | deduction for AMI benefits in '23 and '24?

16 | **A.** (Flemming) The reason for that is
17 | because we believe those are embedded within the actual
18 | costs of 2023 and 2024.

19 | **Q.** Okay. Thank you.

1 Just a couple of questions on the
2 Settlement Agreement.

3 **MEMBER MURPHY:** Jeff, if you could
4 call up Exhibit N-27, PDF page 10.

5 Right there, related to the Storm Cost
6 Recovery Rider.

7 **BY MEMBER MURPHY:**

8 Q. And I'll just read it. The
9 Consensus Agreement states:

10 The Storm Cost Recovery Rider will be
11 implemented as described in the Draft GRA,
12 subject to the following...the Storm Cost
13 Recovery Rider will not be implemented on a
14 permanent basis as proposed, rather it will
15 continue on a pilot basis...in 2026 and '27
16 eligible for the rider; and (b) the
17 threshold for making an application to
18 return an underspend to customers will be
19 changed from \$5 million to \$2.5 million.

20
21 And I think in response to Board
22 IR-42, this change was -- or the reason for having the
23 threshold for an underspend was explained, but I'm still
24 not sure I really understand why there's a threshold for
25 this underspending and, if there is a threshold for

1 underspending, why there wouldn't be a similar threshold
2 for overspending.

3 A. (Williams) I'm happy to respond
4 to that. I think the reference is to IR-142.

5 Q. One forty-two (142). That's what
6 I had written down.

7 A. (Williams) That's what I expected
8 you had written down.

9 Yeah, so I think when the -- with the
10 storm rider as it currently exists, that's to address
11 overspends, and that's an election that Nova Scotia Power
12 can make as to whether it makes that -- the application
13 makes that filing or not.

14 On the other side, when there's an
15 underspend that's returning money to customers and we
16 could have the storm rider where it is just an automatic
17 application, regardless of whether there's an underspend
18 or not, we make an application to return that money, in
19 that situation you're likely going to be making an

1 application every year, or close to it, on the storm
2 rider. So what we were trying to do was, on the
3 underspend side of things, create a scenario or create a
4 mechanism that would allow for a materiality threshold
5 that would trigger the application.

6 On the underspend side, you've got a
7 number of different customer representatives that would be
8 impacted by that return of money, so difficult to get
9 their united -- could be difficult to get their united
10 consensus as to whether an application should be made in
11 that given year and whether they want to go through the
12 application process to return the money no matter what the
13 materiality of it is.

14 So all we were trying to do was
15 develop a mechanism that provided a clear path and a clear
16 cadence to that application process but had a materiality
17 threshold that would trigger it so that we weren't in the
18 scenario where we all collectively had to go through a
19 storm rider application to return what may be an

1 immaterial amount of money in the larger scheme of things.

2 Q. And just remind me why you
3 wouldn't have the threshold, similar threshold on the
4 overspend?

5 A. (Williams) Just because you have
6 one party making that determination as to whether they
7 want to proceed, see it as a material amount that they
8 feel is worth proceeding with an application and that the
9 time and costs associated with an application, whereas on
10 the underspend, you have multiple parties that would need
11 to be part of that decision. And so rather than trying to
12 get consensus on that side, to just establish the
13 materiality threshold.

14 Q. Does that almost suggest that if
15 the overspend was 2.5 million that Nova Scotia Power would
16 make an application?

17 A. (Williams) No, I don't think it
18 does because the -- it's not like that money would go
19 away, on the underspend side, right? It would be retained

1 | in the account until it exceeds 2.5 million.

2 | Q. Okay. Thank you.

3 | A. (Williams) Just to maybe finish,
4 | it's recognizing the value of those dollars, and it's not
5 | suggesting that there is an immaterial amount that could
6 | ever be returned to customers. It's just that there's a
7 | materiality threshold to trigger the application process.

8 | Q. Sure. Okay, thank you.

9 | MEMBER MURPHY: Those are all my
10 | questions, Mr. Chair, but I do have some questions that I
11 | think would be a lot -- it'd be a lot easier to handle
12 | them in the confidential session. They're only -- it's
13 | only going to probably take five minutes maybe, but rather
14 | than taking a risk in a non-confidential session, I think
15 | it'd be best to do that. So just to keep that in mind for
16 | the end.

17 | THE CHAIR: Thank you, Mr. Murphy.

18 | Mr. Deveau?

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[2:10:00] Mr. Williams, I checked on the Distributed Energy Resources filing. It was actually December 17th, so you were correct. There were so many things coming in in December, I was thinking of a couple other filings, but ---

11 Q. I know we were waiting on Mr.
12 Pecurica and we got worried when he went to another -- to
13 the IESO. We were wondering whether we were going to get
14 it before the new year or not, so ---

16 Q. --- that's why it was top of
17 mind.

A. (Williams) He's fairly diligent,
sir. He made sure that those loose ends were tied up

1 before he left.

2 Q. Yeah, okay. I do have a few
3 things.

4 MEMBER DEVEAU: Perhaps first, Mr.
5 Goodine, I actually sent you stuff, but there was one I
6 forgot to send you, but it's actually N-35, which is the
7 Bates White report.

8 So the first issue is on page 12 of
9 the report.

10 BY MEMBER DEVEAU:

11 Q. And I'm asking you this, just in
12 fairness, because I'm going to ask Bates White as well.
13 So starting at line 8, we asked -- or sorry, Bates White
14 was asked, "What is the purpose of this section of your
15 Evidence?" And they say:

16 Here, we assess whether NSPI has adequately
17 represented the fuel and purchased power
18 component in the Application. We note here
19 that NSPI has, in some cases, been unable to
20 provide all requested data due to a
21 cybersecurity incident that has made data
22 retrieval 'impossible'.
23

1 And that's a quote from an IR, IR-13
2 that they had asked. And then they note, "Additionally,
3 the Settlement Agreement included fuel and purchased power
4 costs."

5 So I know what they've said thereafter
6 in terms of the reasonableness of the fuel and purchased
7 power, but I'm going to ask them about that, so I just
8 figured I'd ask you as well, just to -- if you had any
9 concerns about your ability to provide -- to provide
10 answers to their request about their review?

11 **A.** (Williams) I appreciate the
12 opportunity, sir, and no, we do not have concerns. The
13 limitation is we've provided -- the backup data is not --
14 it provides no concern for us in terms of the accuracy of
15 the forecast.

16 **Q.** Okay. Next is page 16.
17 Actually, let's go to page 18 first. In here, Bates White
18 was asked at line 11, "Is the risk of wind project delays
19 or underperformance material?" And they say:

1 We have not conducted a risk analysis of the
2 five...wind projects under development or
3 otherwise assessed the development status of
4 [the] projects. Still, project development
5 delays can and do occur. Consider, too,
6 that the Rate Base Procurement had
7 originally required projects to reach
8 commercial operations by December 31, 2025,
9 one year earlier than the current expected
10 commercial operation dates for
11 these...projects.
12

13 So let's go back to page 16 now. So
14 this was the table at the bottom of the page. So
15 obviously from the previous comment, that we know that
16 commercial operation date is already one year delayed.
17 There is a nameplate capacity there. If you take out
18 Goose Harbour is 312, so it's quite a significant amount.
19 What's your confidence, as you sit here today, in terms of
20 the commercial operation dates of those four other
21 projects?

22 **A.** (MacIntosh) Mr. Deveau, it might
23 be helpful to reference the 2026 ACE Plan Path to 2030.
24 There's information included in there around the estimated
25 COD dates for those windfarms. I think that is the most

1 up to date information that we have.

2 Q. Okay. How does that differ from
3 these dates, just generally? Well, do you have -- can you
4 pull that up yourself? Or unless you want it in a ---

5 A. (MacIntosh) Yes, I have ---

6 Q. --- undertaking?

7 A. (MacIntosh) I have it up.

8 Q. Yeah.

9 A. (MacIntosh) So the most material
10 difference, Higgins Mountain would be now January 26th,
11 2026, and the Benjamin Mills would be December 15th, 2025.
12 And then Weavers Mountain, December 31st, 2026, and
13 Wedgeport, November 15th, 2026.

14 Q. Okay. So they're all ahead of
15 schedule, then?

16 A. (MacIntosh) Yeah.

17 Q. Okay, that's good.

18 I'll come back to -- actually, we'll
19 do one more with Bates -- there's two more with Bates

1 White. Let's do the next one. The next one is page 36.
2 So here it's at the bottom of the page, so starting at
3 line 9, it notes that:

4 ...the Application was the result of a
5 collaborative process [...], reflects the
6 consensus of the outcomes from the
7 meetings...

8
9 And at line 12, it says:

10 As a result, much of the back and forth, and
11 investigation that normally occurs in a GRA
12 review occurred prior to the filing of the
13 application. As a result, many of the
14 electronic (Excel) exhibits contain[ed]
15 hardcoded information which prevents
16 tracking of the BCF amounts and the
17 translation of BCF amounts to proposed rates
18 through the review and assessment of
19 formulas within the filed spreadsheets.

20
21 So again, I'm going to ask Bates White
22 about this, and I wanted to give you an opportunity to
23 respond. With this context, you may recall, it's been a
24 number of years, but there was an AA/BA proceeding where
25 we received -- there was a difficulty with hardcoded
26 spreadsheets, which prevented Bates White -- which
27 hindered Bates White in doing their review.

1 So I'm going to ask them about it
2 again in relation to this, but I just want to give you an
3 opportunity to -- I suppose it comes back to the initial
4 question I had. They may not be cyber related. But do
5 you feel that providing Bates White with those hard-coded
6 spreadsheets limited their review in any way, and were
7 there any discussions you and Bates White as to how they
8 could track the fuel amounts?

9 **A.** (Willett) I can't speak to --
10 obviously you're going to ask Bates White the question as
11 well. But my understanding of some of the hard-coded
12 numbers were actually related to already approved rates
13 that were in place, so it was numbers that were coming
14 from tariffs, which we explained in one of our IR
15 responses to Bates White around where the source of those
16 numbers came from.

17 So I personally don't have concerns
18 about their ability to review the numbers and the results,
19 and the Excel files that were provided provide the level

1 of detail that I feel is appropriate to allow them to do
2 the review. But I take your point that you will be asking
3 Bates White for their view because I can't speak on behalf
4 of them.

5 [2:20:36] Q. Right. Okay. Thank you.

6 A. (Williams) Mr. Deveau, just to
7 confirm, there was no intentional ---

8 Q. No, no. I understand why they
9 were hard-coded is because that was the consensus. It's
10 just the ability of them to track it.

11 I'm just -- and they may have no
12 concerns. They didn't say they had a concern. I just
13 want to -- I'll be checking with them. But because of
14 that earlier difficulty we had four or five years ago, I
15 just want to ---

16 A. (Willett) Yeah. And just to
17 clarify on the consensus piece, I don't think there's any
18 differentiation of hard-coding because of a Consensus
19 Agreement versus a normal filing.

1 Q. Okay. I thought you hard- coded
2 something so you wouldn't move because of the consensus.

3 A. (Willett) No, that was not the
4 case.

5 Q. Okay. Thank you.

6 Perhaps one last thing in relation to
7 fuel. We'll come back to Bates White.

8 **MEMBER DEVEAU:** But Jeff, could you
9 pull up N-27? That's the Board IRs, IR-38.

10 **BY MEMBER DEVEAU:**

11 Q. So in this case, it refers to
12 Appendix 5A and it says:

13 On page 34 of Appendix 5A, the application
14 states that NSPML's forecast assessments for
15 the Maritime Link against Nova Scotia Power
16 are \$200.5 million in 2026 and \$203.9
17 million in 2027 (including \$41.5 million and
18 \$40.6 million for ['26 and '27 to pay the]
19 interest and principal on the... Federal
20 Loan Guarantee.

21 So in relation to the federal loan
22
23 guarantee portion of it, I note -- and you can take it

1 subject to check, hopefully -- that we currently have an
2 assessment before the Board, the 2026 NSPML assessment,
3 and instead of the 200.5 million assessment in '26, the
4 actual request was 198.7, which is a difference of 1.8
5 million. And one of the major differences in that is that
6 the amount included for the federal loan guarantee,
7 instead of being 41.5 million, was actually 39.7. So it
8 was actually almost a difference of 2 million there.

9 And so -- and because that balance
10 will be reducing -- well, the balance they had, 39.7 for
11 2026, is already lower than what you had projected for --
12 or what was in the Application for 2027. So it's 1.8 --
13 the actual assessment, if it's approved, will actually be
14 -- and probably won't be higher than that. It might be
15 lower. But the assessment would be at least 1.8 million
16 less than what's in your base cost of fuel. And I suspect
17 that the same would happen for 2027. So that's 2 million
18 over two years.

19 I'm just wondering whether the -- I

1 | don't know -- I've gone through the '26 assessment. I
2 | haven't found a reference to what a projected '27
3 | assessment would be, but I suspect it's pretty close. So
4 | that would be 2 million over two years.

5 | Is there some way we could -- I could
6 | ask you for an undertaking if you could check with NSPML
7 | what their projection is for at least the federal loan
8 | guarantee part and we could take that difference. But
9 | that's \$2 million right there off of both years on the
10 | base cost of fuel.

11 | So I'm just -- do you have any comment
12 | or solution in terms of adjusting the base cost of fuel
13 | for those amounts?

14 | And I suspect there's a schedule -- I
15 | just couldn't put my hand on it -- for the federal loan
16 | guarantee, but I know they're going down. You're paying
17 | less every year. So I suspect it's probably low 39 to
18 | approximately high 38 million for '27.

19 | **A.** (Willett) I can't speak to the

1 | 2027 latest projection. But what I would mention is these
2 | estimates were obviously taken at a point in time and to
3 | the best estimates at that time, just like any ---

4 | **Q.** Oh, I agree.

5 | **A.** (Willett) --- commodity or just
6 | like coal, the numbers will fluctuate, and the AA/BA
7 | process is there to true those up, so customers only pay
8 | the actual cost of the assessment and the FLG.

9 | The other item, just to note as well,
10 | with rates not going into place January 1, those rates
11 | currently are set below cost so there will be or there is
12 | expected to be under-recoveries until those rates are in
13 | place to match the true cost. So those items will be
14 | trued up through the AA/BA, but we will be seeing under-
15 | recovery of -- until those rates are in place for the base
16 | cost of fuel.

17 | **Q.** Right. Except that we know the
18 | 200.5 million is not a projection any more. It's actually
19 | -- for '26, it's only 198.7. So we know that number.

1 It's not a projection any more. We
2 actually know it. Two million dollars, you know, is \$2
3 million over two years would be -- you know, it's \$4
4 million.

5 **A.** (Williams) Mr. Deveau, if I may
6 -- and I agree. So in terms of the volatility discussion,
7 volatility, uncertainty until you've -- you've got
8 certainty, which with commodities very rarely do you ever
9 get certainty until you've actually made the purchase,
10 whereas with this there is certainty in terms of the
11 price.

12 I think more to the point, though, is
13 the \$2 million difference that you're speaking to will not
14 actually be \$2 million because, as Mr. Willett was
15 indicating, rates won't be in effect as of January 1,
16 2026. So you'll have that shortfall that will need to be
17 made up in any event. So the \$2 million is likely made up
18 as a result of that regardless.

19 **Q.** Right. This is not a commodity,

1 | though. These are costs.

2 | A. (Williams) No, agreed. But even
3 | though we know that cost now and, to your point, we know
4 | that the original estimate was roughly \$2 million higher
5 | than what it ended up being, but because we're not
6 | recovering the full amount because rates won't be in place
7 | on January 1, we will be short in any event, and so the
8 | difference would be made up.

9 | Q. Okay. That's it for Bates White
10 | report.

11 | **MEMBER DEVEAU:** In terms of OM&G,
12 | could you pull up, Mr. Goodine, Board IR-50?

13 | **BY MEMBER DEVEAU:**

14 | Q. So this has been referred to you
15 | a couple of times, the next table. This is about the \$9
16 | million going back into 2028.

17 | And I understand, Mr. Flemming, what
18 | you've indicated that, you know, that's still under
19 | review, obviously.

1 In terms of your Consensus Agreement
2 with Intervenor, I'm just wondering if, in terms of level
3 of service that's reflected through the OM&G, whether
4 you've -- it's your view that the level of service as
5 reflected in the ultimate amount is what the Intervenor
6 feel the level of service should be.

7 So Mr. Flemming, you referred earlier
8 to, you know, whether it would cover your cost of service,
9 but do you consider it as being the level of service --
10 the cost of that service in terms of what Intervenor
11 expect?

12 [2:30:36] **A.** (Flemming) Thank you for the
13 question, Mr. Vice Chair.

14 Nova Scotia Power underwent a process
15 with customer representatives in order to achieve a
16 Consensus Agreement. During that process, Nova Scotia
17 Power gave an overview of the costs and the services
18 provided in a number of its operating departments. We had
19 leadership from those operating departments provide

1 technical sessions, overviews of the plan for that, and it
2 was very constructive sessions that we had with customer
3 representatives.

4 And at the conclusion of that --
5 conclusion of that process, our customer representatives
6 indicated to us that they would like us to push to find
7 even more savings in order to further balance the
8 affordability.

9 Nova Scotia Power understood that the
10 indication from customer representatives -- and I don't
11 want to speak for our customer representatives, certainly
12 -- was that their expectation was that Nova Scotia Power
13 would endeavour to find those savings without any
14 corresponding reduction to the level of service that had
15 been indicated during those collaborative sessions. So
16 that was our understanding from those sessions.

17 **Q.** Okay. And in terms of the
18 Board's role, obviously Nova Scotia Power is practically a
19 monopoly; you've got a franchise over the province, or

1 | most of the province. And the regulation that you're
2 | subject to at the Board is basically referred to as it's a
3 | proxy for competition. It's to keep you efficient, keep
4 | -- you understand that, I know.

5 | In terms of OM&G costs, to the extent
6 | -- OM&G costs are -- you're entitled to your reasonably
7 | and prudently incurred OM&G costs, but -- or sorry.

8 | In terms of what the Board ultimately
9 | sets them at in this proceeding, the OM&G costs, I just
10 | want to confirm that -- your understanding that that is
11 | your cost of service in relation to OM&G; there's not
12 | something more.

13 | If the Board sets a certain amount,
14 | those are your -- those are your cost of service costs,
15 | and you have to provide the service in accordance with
16 | what the cost of service is for those -- for that amount.
17 | Is that -- are we on the same reasoning there?

18 | **A.** (Williams) We're on the same
19 | reasoning, sir. We understand what you're describing as

1 | our obligation to serve customers within Nova Scotia, and
2 | we understand that it's our responsibility to provide that
3 | service level and that it's our responsibility to bring
4 | forward an appropriate cost of service that results in
5 | that service level.

6 | Q. Right. And to the extent that an
7 | amount is set, the expectation is that you will provide
8 | your service for that amount and it -- and obviously, you
9 | can provide one service for 100 million or 200 or 300, but
10 | under the *Public Utilities Act*, you are entitled to your
11 | reasonable and prudent costs, and the Board decides what
12 | are reasonable and prudent costs.

13 | So at the end of the day, those are
14 | the costs and those are -- that's the cost of service for
15 | your -- for your OM&G; correct?

16 | A. (Williams) Correct.

17 | Q. Yeah. Okay.

18 | A few categories I'd like to go
19 | through.

1 **MEMBER DEVEAU:** So Jeff, let's go to
2 the Grant Thornton report first, and it's PDF page 25,
3 Figure 10.

4 Sorry; it's N-33.

5 **BY MEMBER DEVEAU:**

6 **Q.** So we're just going to go through
7 a few of these here.

8 The first one is the corporate group's
9 corporate human resources. And in that one, there's a
10 \$3.4 million increase from 2024 compliance to 2026
11 forecast.

12 And let's go now to Board IR-42, PDF
13 277 and 278. There's a table there on the next page.

14 So in this particular division or
15 group when we're looking at corporate human resources,
16 that's an increase from 50 to 63, a difference of 13. And
17 so in relation to the increase in FTEs, it seems it's a --
18 it's a 41 percent increase in the costs -- in the FTEs for
19 this department, which is rather significant.

1 I'm just wondering, if we go to --
2 sorry; going back and forth here, but Grant Thornton, page
3 15, PDF 15. And right at the -- yeah, so line 15:

4 Additionally, the company noted that human
5 resource and safety teams have grown by a
6 total of 10 employees to additional
7 resources such as safety specialists,
8 additional employees to support diversity,
9 equity, inclusion, and labour relations and
10 an increased number of human resources
11 partners to support talent acquisition and
12 employees.
13

14 So could you just explain why the --
15 why the increase in this particular division of \$3.4
16 million?

17 **A.** (Flemming) Yes, Mr. Vice Chair.

18 I think that the table that Nova
19 Scotia Power provided in response to Energy Board IR-42 is
20 helpful.

21 **Q.** Okay. Let's go back there, then.

22 **MEMBER DEVEAU:** That's the one you
23 just had, Jeff.

24 **MR. FLEMMING:** Yeah. The reason for

1 | it and the reason I say that is because you can see that
2 | there is -- when you look at the bottom there, if you look
3 | at the fourth column, you'll see a significant increase in
4 | the workforce at Nova Scotia Power.

5 | And so Nova Scotia Power has
6 | endeavoured to provide the Board a narrative around the
7 | requirement for that increased workforce at Nova Scotia
8 | Power. So certainly the company has seen a significant
9 | increase in customer requested work, a significant
10 | increase in reliability investment, all that in our energy
11 | delivery department.

12 | We have seen a couple of our thermal
13 | generating units that we expected would no longer be
14 | operating at the time of the last General Rate
15 | Application, those are still operating and providing
16 | generation capacity services to customers. We also have
17 | the East Coast Energy Initiative Group, which is a group
18 | that wasn't anticipated at the time of the last General
19 | Rate Application. Having those 40 employees, as you can

1 | see, has a net increase.

2 | And so having an increased workforce
3 | necessitates having increased costs associated with
4 | managing that significant increase in the number of
5 | employees. So like we noted, we have a number of human
6 | resource business partners that are helping with the
7 | attraction and retention of those staff. As well, because
8 | of the significant expansion in scope in terms of the work
9 | that is being completed in our energy delivery team, that
10 | has required the need for additional safety employees and
11 | safety specialists to ensure that our employees come home
12 | safe at the end of the day.

13 | [2:40:18] **MEMBER DEVEAU:** Okay. Let's go to
14 | NSEB IR-62. And let's go to IR-(d).

15 | **BY MEMBER DEVEAU:**

16 | **Q.** And this is -- this IR is about
17 | human -- corporate human resources. It says:

18 | Please comment on the cost increases
19 | noted... from 2024 to 2026, in light of the
20 | observations in the ScottMadden Report...
21 | that suggest, based on five years of data up

1 to 2023, that Nova Scotia Power is already
2 above average for human resources costs
3 compared to its peers.
4

5 And let's look at the answer for (d).

6 So you've given an answer there, but I
7 guess the question still remains is you obviously rely
8 quite a bit and perform quite well on a number of metrics,
9 but on this one, you don't. So I guess I'm still left
10 with the question, why is the increase justified when
11 you're already -- up to 2023, you're already falling
12 behind the benchmark on these -- on this category?

13 **A.** (Flemming) So thank you, Mr. Vice
14 Chair.

15 It is a difficult question for me to
16 answer. And I think the reason for that is because I'm
17 very much involved in the budgeting for a lot of the
18 groups across the company, and I certainly see the volume
19 of work for our human resources department. I see the
20 company leveraging its partnership with our parent
21 company, with other Canadian affiliates in order to

1 | provide a shared services arrangement that provides value
2 | to customers, that provides services at lower costs.

3 | So it is difficult for me to speak to
4 | that because I do not have the specifics of the other
5 | companies that we're being compared to, but I certainly
6 | think that structure is very important in terms of the
7 | different structures of human resources across different
8 | companies. So in some cases, I know that there may be
9 | human resources, employees that are embedded within
10 | certain operational groups where Nova Scotia Power has it
11 | centralized and all those costs charged to human
12 | resources.

13 | In addition, as we note, we have
14 | safety costs included within our human resources
15 | department as well and I'm not sure that other companies
16 | would necessarily structure themselves that way. So I'm
17 | thinking that those could be contributing factors, but
18 | without having the specifics of the other organizations,
19 | it is difficult for me to comment.

1 Q. So ScottMadden is your expert.
2 Have you talked to them about that in terms of how they
3 achieved that particular result and how you would address
4 it or explain the difference?

5 A. (Flemming) We have, certainly.
6 And the metrics that we use for operational groups when
7 we're looking at other electric utilities, those are quite
8 readily available.

9 You can see that they're comparing to
10 certain other organizations and they attempt to get
11 organizations that are a similar scope, similar size.
12 They do the best that they can. And of course, as we've
13 noted in our Applications, it's difficult to compare
14 across jurisdictions, structures, that type of thing.

15 They have to rely on a different or
16 separate metric or benchmarking organization for the
17 corporate groups because the information is not available
18 at the same level or same level of detail. We've
19 discussed with ScottMadden around the potential for

1 finding an improved or more detailed benchmarking database
2 for corporate groups but, as of yet, we have not been able
3 to find anything that would give us nearly the level of
4 detail that we have for the operating groups as compared
5 to other utilities.

6 **Q.** So does that relate -- is the
7 issue that they're using or not using sort of utility or
8 construction type organizations? That they're -- because
9 you mentioned safety, and I obviously don't want to
10 diminish safety, it's extremely important, but is it that
11 those safety issues are not being -- or embedded costs in
12 other divisions are not being counted? Or what exactly is
13 the issue?

14 **A.** (Flemming) Mr. Vice Chair, I
15 think you've zeroed in on the difficulty of benchmarking
16 across organizations.

17 **Q.** And that's a conversation you had
18 with ScottMadden.

19 **A.** (Flemming) It is. It is.

1 Absolutely. Because we would have expected to show up
2 very well in all measures, and certainly this one sticks
3 out, as you've noted.

4 And we've -- I think that it would
5 come to a company structure and what costs are being
6 included or classified as human resources in other
7 organizations but, unfortunately, I can't speak to that
8 definitively because we just don't have that level of
9 detail.

10 Q. Okay. You mentioned the Eastern
11 Clean Energy Initiative. Let's go there, then.

12 **MEMBER DEVEAU:** Back to Figure 10 on
13 PDF page 25 of N-33, which is the Grant Thornton report,
14 PDF 25.

15 **BY MEMBER DEVEAU:**

16 Q. And again -- so there, the
17 Eastern Clean Energy Initiative, there was no cost in
18 2024, increase of 700,000 in '26, and just a little higher
19 in '27.

1 I realize it's not a huge amount, but
2 the -- I understand from the IRs that I think the issue
3 here was that they were not projected in 2024 because you
4 thought they'd be charged at capital. I think you might
5 have just mentioned that, too.

6 **A.** (Flemming) That's exactly right.
7 And I should have clarified that in my response on human
8 resources.

9 You're absolutely right, Mr. Vice-
10 Chair. And so even when employees charge into capital,
11 there are still corresponding human resources expense. So
12 I'd just like to clarify on that point.

13 **Q.** Okay. Yeah. But I'm talking
14 about the ECEI initiative right now.

15 So the increase is 700,000. In the
16 2022 GRA, and what -- in the ACE Plans, I'm under the
17 impression that there were four projects. There was the
18 Transmission Project New Brunswick-PEI, there was a large
19 wind project, there was a battery storage, and there was

1 fast -- gas-fired coal conversion. Four projects.

2 It was \$638 million back in 2022.

3 Actually, just WTI and BDS exceeded that, I think, so --

4 but in any event, Wasoqonatl is finished, just got

5 approved, and my understanding, but you can correct me if

6 I'm wrong, I would have thought that that would have gone

7 into those costs to deliver that project and that would be

8 operational. Are they still under the ECEI project even

9 though it's been approved and started?

10 A. (Flemming) So what you are
11 looking at there are operating costs.

12 Q. Right.

13 A. (Flemming) So ---

14 Q. But are they under ECI or under
15 another category?

16 A. (Flemming) So they're under an
17 ECEI operating expense as opposed to being capitalized to
18 the ECEI capital projects. So in the Wasoqonatl, you'll
19 have employees or you'll have contracted contractors.

1 | You'll have them who are actually installing the lines and
2 | doing the work putting the poles in the ground, that type
3 | of thing. That type of work would be capital.

4 | **Q.** Right.

5 | **A.** (Flemming) This would be a
6 | project management group of folks that are not directly
7 | involved in the installation of capital assets that are --
8 | and that work is -- those costs are not being charged to
9 | our capital projects.

10 | **Q.** Okay, so they are still in this
11 | cost centre. Okay.

12 | **A.** (Flemming) Correct.

13 | **Q.** Okay. And does the same thing
14 | apply to battery storage?

15 | **A.** (Flemming) Yes, that's correct.

16 | **Q.** And at what point do they go to
17 | production, or do they -- when it's commissioned? Is that
18 | what happens?

19 | [2:50:17] **A.** (Flemming) Thank you, Mr. Vice

1 Chair.

2 The -- normally when a project is
3 commissioned, goes into service, the employees that are
4 working on that capital project, unless they continue to
5 install assets, or work directly on capital, they would
6 either move to a different capital project, or they would
7 have to charge their time to operating costs. And so --
8 and for some of these projects, we will have an
9 operational support model; we'll have people that are
10 doing work that is not directly involved in installation
11 of assets, and so that's what you're seeing there.

12 That is separate and apart from the
13 capital installation costs for the tie line to New
14 Brunswick, for the synchronist condenser work that Nova
15 Scotia Power would bring forward in the future, apart from
16 the -- lost my train of thought there -- battery storage,
17 and later on coal conversion, that type of thing.

18 So these are operational costs
19 associated with that department, not direct capital labour

1 associated with bringing those assets into service.

2 **Q.** So we approved a capital project
3 in Wasoqonatl. That does not cover the operational --
4 operating expenses of the design teams that are building
5 that project?

6 **A.** (Flemming) Yes.

7 **Q.** Not building the project, but
8 doing their planning and doing their ---

9 **A.** (Flemming) Yeah, that's right.
10 So the preliminary engineering, as we call it, ---

11 **Q.** Right.

12 **A.** (Flemming) --- the design work,
13 the engineering work, that absolutely is directly
14 attributable to a capital asset, and that would be charged
15 to the project. This would be separate and apart from
16 that. This would be the operational support. So this
17 would be associated with assets that had previously been
18 installed, or work that is being done by this team that is
19 not directly attributable to placing an asset into

1 service.

2 Q. I'll have to think that one
3 through. That's not how I thought it, but ---

4 A. (Flemming) Sure. But to get back
5 to your original point. Absolutely when there is prework,
6 when there is preliminary engineering, when there is
7 design work, engineering work, that type of thing, that is
8 absolutely capitalized.

9 Q. Right. Okay. And the same thing
10 would apply to battery storage, as you mentioned. The
11 wind, the large wind, that project is over; correct? Or
12 it's not over, you didn't proceed with it; correct?

13 A. (Flemming) Nova Scotia Power is
14 not proceeding with that work.

15 Q. Right. And actually, if we go to
16 Grant Thornton, PDF page 31 -- N-33, page 31, PDF 31.
17 Right at the bottom, this is part of solar, hydro, and
18 wind, it notes there in the last bullet, decreased --
19 there were decreased:

1 Decreased contract and other good and
2 service[s] costs as [at] 2024 [compliance]
3 included OM&G costs associated with a wind
4 farm that was forecast to be constructed
5 under [NSPI's ECEI] Initiative that did not
6 occur (\$5.4 million).
7

8 The wind farm wasn't pursued because
9 it was not in the best interests of customers.

10 So to the extent that that wasn't
11 built, you got the benefit of that revenue requirement,
12 but that project did not proceed.

13 A. (Flemming) I would say in normal
14 course if Nova Scotia Power's revenue requirement had been
15 approved as filed, then I would agree with that statement.
16 But certainly, we did not incur that cost as forecasted.

17 Q. Right. But that was in
18 compliance costs, but ---

19 A. (Flemming) It was in compliance,
20 yes ---

21 Q. Right.

22 A. (Flemming) --- and we showed that
23 we had a -- we did not have sufficient revenue though as

1 part of ---

2 Q. Okay.

3 A. (Flemming) --- that compliance,
4 no.

5 (SHORT PAUSE)

6 THE CHAIR: Mr. Flemming, the ECEI
7 line that Mr. Deveau had just asked you about, and the
8 operating costs that were including -- included in there,
9 I was just not clear. Does that include projected costs
10 relating to Wasoqonatl, or would those all be, whether
11 they're capital or operating, in the other entity?

12 MR. FLEMMING: Those would all be in
13 the other entity.

14 THE CHAIR: Thank you.

15 BY MEMBER DEVEAU:

16 Q. So the coal conversion, the gas
17 fired, that project is still ongoing?

18 A. (MacIntosh) Yes, Mr. Deveau. If
19 you're referencing the coal to gas conversions at Point

1 Tupper, ---

2 Q. Yeah.

3 A. (MacIntosh) --- as well as the
4 HFO conversions at Lingan, those are progressing.

5 Q. Right. Lingans 1, 3, and 4?

6 A. (MacIntosh) Correct.

7 Q. Right. So -- yeah. So those are
8 the four projects that were noted back in 2022, so now
9 there's another one I think was referred to in the ACE
10 Plan, and I'm not on that panel, but the synchronous
11 condensers; correct?

12 A. (MacIntosh) Correct.

13 Q. Right. Okay. And their staff,
14 that's still in the planning stages. That's -- for the
15 moment. So to the extent that there is predesign work
16 going into that, is that being charged to capital or to
17 operating?

18 A. (MacIntosh) If it's required for
19 preliminary engineering to install a capital asset it will

1 | be allocated to preliminary engineering capital account.

2 | Q. Okay. And -- so in the chart,
3 | you'll recall, Mr. Flemming, that chart with all the FDEs
4 | that we've -- I think it's IR-62, but it mentioned there
5 | were 40 now, 40 employees. So is there a breakdown of how
6 | those 40 employees are assigned by project? Do they work
7 | on all the projects? How does that happen?

8 | A. (Flemming) So there is. There is
9 | a forecast, and there is a forecast that allocates labour
10 | between capital and operating expense. And so some
11 | employees that would be included in that cost centre would
12 | be charged -- would be seconded to a project, would be
13 | charging 100 percent to capital. There would be some
14 | employees that would have a mix of time, would not be
15 | seconded to a certain project and may have a forecast to
16 | be charged a certain amount of time to one project, a
17 | certain amount of time to another project, and therefore
18 | we would charge, for example, their vacation time or any
19 | kind of other time like that would be charged to operating

1 expense.

2 And then we'd have some employees
3 there that are not directly working on the capital
4 projects; they're overseeing, they're managing the
5 employees, that type of thing, and those costs would be
6 going to operating expense.

7 Q. Okay.

8 A. (Flemming) And so there is a mix
9 of all those type of employees included in that
10 department.

11 In terms of whether we have a document
12 that shows which employee is to which project for every
13 month, I think it was determined whether -- what
14 percentage of that employee's time was charged to capital
15 based upon the expectations at the time that the operating
16 forecast was developed.

17 Q. Okay. Yeah, I don't think I need
18 that, but the ECEI division or group did exist in 2022.
19 It's just that it was all assigned to capital?

1 **A.** (Flemming) There were -- there
2 was an expectation that there would be projects, but I
3 don't believe that those employees were included in our
4 expected head counts when we did our forecast of head
5 count for 2024 because I think that the structure of how
6 that was going to be executed, how those projects were
7 going to be executed was not known necessarily at that
8 time. So certainly we had the projects at a high level
9 included in our General Rate Application capital forecast,
10 but in terms of the head count, we did not have those
11 employees included, is my understanding.

12 **Q.** So if I was -- if I were to ask
13 you how many FTEs were in the ECEI group in 2024, is that
14 something that exists or is there -- was there an actual
15 group that that was assigned to -- that they were assigned
16 to?

17 **A.** (Flemming) So consistent with our
18 response to Board IR-42, we did not have any employees
19 that were denoted as ECEI employees. I would say

1 | certainly some of those employees were employed in other
2 | areas of the business and moved to the ECEI team, but
3 | those employees -- those positions would have then been
4 | filled. The ones that they moved from would have then
5 | been filled in most cases by other -- by new employees or
6 | other employees.

7 | [3:00:16] **Q.** Okay. And apart from coal
8 | conversion to gas and synchronous condensers, are there
9 | any other projects -- the Atlantic Loop, Energy East, is
10 | that a project that's being worked on as part of that
11 | group or are there any other projects in that group?

12 | **A.** (Williams) No other firm projects
13 | at this time.

14 | **Q.** So you're not working on an
15 | eastern energy initiative, or is that sort of high level?

16 | **A.** (Williams) I would say that there
17 | are certainly people in that department who are doing
18 | modelling of various projects.

19 | **Q.** Okay. So as part of the regular

1 reporting that you do, you report to the Board under the
2 Affiliate Code.

3 **MEMBER DEVEAU:** And Jeff, could you
4 bring up that -- the letter I sent you, Affiliate Code?

5 **BY MEMBER DEVEAU:**

6 **Q.** So that's a letter we received in
7 December 1st of 2025, so that's a letter to advise of a
8 change in the executive leadership team. And the very
9 first bullet there, it says, "The East Coast Clean Energy
10 Function (ECEI)", which I take it to mean the same as the
11 eastern -- it's the same ---

12 **A.** (Williams) You're correct, Mr.
13 Vice Chair. You're correct.

14 **Q.** It says:

15 ...function will move to the responsibility
16 of the Chief Operating Officer. ECEI
17 currently falls within the responsibility of
18 the Chief Clean Energy Officer, CCEO, not an
19 ELT position which currently report to the
20 Chief Executive Officer. CCEO position will
21 be eliminated.

22
23 So is this simply a restructuring?

1 Did it affect the change in the -- in that ECEI division,
2 or can you explain that?

3 **A.** (Williams) Just a restructuring,
4 sir.

5 **Q.** Okay. We'll move on to something
6 else.

7 You referred this morning -- Board IR-
8 12.

9 So this -- I think this was asked by
10 Mr. Mahody. It was the subject of 65 community meetings
11 were held throughout Nova Scotia to discuss reliability
12 and understanding customer expectations. That was on page
13 11 of your Application.

14 And you were asked to provide meeting
15 notes or summaries that were prepared to record the
16 feedback received, and you indicated there were no -- if
17 you want to turn to answer (a), you indicated that there
18 were no -- no notes were taken.

19 You responded to individuals on an

1 individual basis, I think you mentioned. And of course,
2 Mr. Mahody asked you about the customer satisfaction
3 metric.

4 But my question in relation to the 65
5 community meetings, who -- what division of Nova Scotia
6 Power conducted those 65 community meetings?

7 A. (Williams) That's the Reliability
8 Team at Nova Scotia Power, sir.

9 Q. The Reliability Team?

10 A. (Williams) Correct.

11 Q. Okay. So let's go to another
12 corporate group, Grant Thornton, N-33, PDF 25, Figure 10.
13 Back to Figure 10.

14 And here, we're looking at -- the next
15 one we'll look at is communication and public affairs. So
16 that's gotten, from 2024 compliance to 2026 forecast, a \$2
17 million increase, and that's 131 percent increase in the
18 cost of that division and further 2 percent in 2027.

19 So if we go to PDF page 25, is that

1 the page where we're on?

2 Yeah. And then page 26 at the top --
3 sorry. Right at the bottom of that page talks about the
4 \$2 million increase. It talks about increased labour
5 costs due to staff complement changes, 0.9 million.

6 Per the company, the staff complement change
7 is due to the addition of communication and
8 external engagement employees that perform
9 tasks previously not undertaken. This is a
10 new department that is focused on increasing
11 engagement with stakeholders and communities
12 across the province to receive input and
13 feedback and to share more information on
14 priorities, projects, initiatives undertaken
15 by the company.

16 And then the next bullet there, there
17
18 are increased consulting fees, planned engagement for
19 communications, \$700,000.

20 And then in the very next bullet,
21 \$300,000 for advertising expenses -- increased advertising
22 expenses due to reduced spending levels in 2024 as well as
23 increased requirement forecast for communications with
24 customers.

25 So that's -- so this group, in terms

1 of engagement and communities, this would be a separate
2 group than the one you talked about for the 65 community
3 planning meetings?

4 **A.** (Williams) Not necessarily
5 separate, sir.

6 So when I said the Reliability Team,
7 it's the Reliability Team that's charged with those
8 meetings and presented at those meetings, provided the
9 information. It's their information that they're
10 communicating. But certainly they're supported by this
11 group of people, so our ---

12 **Q.** They're supported by these
13 people?

14 **A.** (Williams) Yes.

15 **Q.** By the Communications Team?

16 **A.** (Williams) By the Communications
17 Team. Yes, absolutely.

18 **Q.** Okay.

19 **A.** (Williams) And it would not just

1 | be those 65 meetings that the Communications Team is
2 | engaged in throughout the year. There's many more.

3 | **Q.** It -- sorry?

4 | **A.** (Williams) There would be many
5 | more in addition to those reliability meetings that the
6 | Communications Team was involved with.

7 | **Q.** Okay. Let's go to Grant Thornton
8 | PDF 36, Figure 13.

9 | And here, grid modernization and
10 | customer integration, that's a \$4 million increase, 68
11 | percent increase, another 4 percent in 2027.

12 | And let's go to the second bullet
13 | there.

14 | Sorry. The next page under "Grid
15 | modernization and customer integration." So the second
16 | bullet there.

17 | So again, just for -- a black bullet
18 | there where the title is, "Grid modernization and customer
19 | integration," it's an increase of approximately 4.5

1 million from 2024 compliance to 2027 forecast. So a \$4.1
2 million increase in the first year to 2026.

3 So here, if we go to the second bullet
4 there:

5 The incremental labour for Customer
6 Experience supports the maintenance of the
7 expanding portfolio of digital solutions
8 such as Green Button, My Energy Insights,
9 the customer-facing website,... the large
10 complex customer portal planned for ['26
11 forecast]. In addition to the expanded
12 digital channel support, the Customer
13 Experience team is delivering a Customer
14 First, role-specific training program to
15 educate employees in delivering exceptional
16 customer experience. The Customer
17 Experience team is expanding its
18 communication initiatives with customers via
19 media campaigns and in-person engagements
20 such as home shows to ensure customers have
21 access to information and expertise in
22 managing their energy needs.

23
24 So this is a different engagement team
25 than the one under communications and public affairs, and
26 a different team than the one related to reliability?

27 [3:10:00] A. (Williams) It's -- I think it's a
28 similar dynamic to the one we described with the

1 reliability team, sir, where we have the subject matter
2 experts, if you will, from the company attending these and
3 presenting at these, but they're supported by the
4 communications team.

5 MEMBER DEVEAU: Okay. And then let's
6 go to Figure -- N-33, PDF 32, Figure 12.

7 So I think this -- so here at
8 "Reliability Implementation", there's a 2.5 -- \$2.4
9 million increase in '26, another 300,000 in '27. And for
10 that, let's go to the -- it's page 35 of the document,
11 which just explains this increase. Yeah, right there.

12 BY MEMBER DEVEAU:

13 Q. So this is -- I think this is
14 the implementation -- the reliability implementation team
15 you were talking about, Mr. Williams. The increase of
16 approximately \$2.8 million from 2024 compliance to '27
17 forecast is primarily attributable to the increase of 2.5
18 million.

19 And then in that first bullet:

1 Increased labour costs due to the creation
2 of [a] Reliability Implementation department
3 since the filing of the ['23-24] GRA, which
4 resulted in the centralization of resources
5 focused on improving system reliability (2.1
6 million). All teams within were expanded,
7 with the most significant impact on
8 operating expense due to additional staff on
9 the Standards & Community Engagement team
10 for proactive engagement with customers
11 required to improve customer consultation,
12 centralized reliability planning, and
13 execution of [the] Five-Year... Plan. The
14 Company noted that the reliability team is
15 [composed] of 59 employees...
16

17 So this is the division that delivered
18 the 65 community planning meetings?

19 A. (Williams) This would have been
20 the team that led those meetings, yes.

21 Q. Okay. So we've gone through
22 three different departments that have a community
23 engagement component. I haven't gone into the ones that
24 deal with customer request for connection or anything like
25 that. Those are different. I realize they're different.

26 The ones I've -- the three examples
27 that I've gone through seem to relate, to me, to

1 engagement with the community, general engagement, not
2 requesting interconnection or not -- you know, again, not
3 looking for service connections or anything like that.
4 They're not looking for inspections. I know they're --
5 you've asked for increases there. And we get the letters,
6 too. You have a lot more -- and you've noted the increase
7 in requests that you've gotten.

8 But the three that I've just gone
9 through, they're all related to community engagement. And
10 just looking at it, it seems to me that you're -- you're
11 not rationalizing -- it doesn't seem to be efficient to me
12 that you have three separate departments dealing with
13 community engagement where they should all be in one
14 department and focused on the engagement as opposed to
15 having three different departments dealing with it.

16 **A.** (Williams) Yes, and I think the
17 reality is, though, sir, is when we talk about the comms
18 and public affairs department, that is the one department
19 that's focused on that, and they're just supporting these

1 | other departments. These other departments, their focus
2 | isn't necessarily community engagement, but certainly,
3 | because of the nature of their responsibilities, there is
4 | a public engagement component to that.

5 | So just as there is with many
6 | different facets within Nova Scotia Power, there's a
7 | public engagement component. But it is -- it would be the
8 | comms and public affairs group that is the centralized
9 | group that is responsible for organizing and keeping track
10 | of all those different public engagements.

11 | Q. Yeah. I mean, in your
12 | conversation this morning with Mr. Mahody, obviously
13 | customer expectations are important, but you said the
14 | proof in the pudding was how you delivered on performance
15 | metrics. Wasn't that your -- wasn't that the basis of
16 | your message?

17 | I mean, it's -- if you're not going to
18 | measure the customer satisfaction, why not focus more on
19 | delivering those metrics as opposed to engaging with the

1 public if you're not measuring what they're saying?

2 **A.** (Williams) Well, we're certainly
3 measuring what they're saying, and that is the CSAT
4 process and the data that comes from.

5 I think the discussion I had with Mr.
6 Mahody was specific to the reliability plan. I understand
7 that. So I think there's a number of different components
8 to reliability and to communication.

9 You know, one of the functions of the
10 reliability team that is not necessarily specific to
11 building out a reliability plan is identifying planned
12 outages, for example, and getting out into the public
13 where the planned outage is to occur, in fact, going door
14 to door and communicating with the public that will be
15 impacted by that planned outage to ensure they understand
16 it and explain the reason for that planned outage.

17 So there's a number of different ways
18 that the public can be engaged and feedback can be
19 received from the public.

1 In relation to the reliability plan,
2 the discussion that Mr. Mahody and I had is, I believe,
3 the one that you're referring to. And I would say that
4 that's specific to the reliability plan and the
5 development of that plan.

6 Q. But in terms of the three
7 departments we reviewed, communications and public
8 affairs, that was an increase of 2 million. The grid
9 modernization and customer integration, that was -- I
10 think that was 4 million. I'll just check it. Sorry.

11 That was 4 million. Correct. And
12 then 2.5 million for reliability implementation.

13 So I'm just wondering, do you think --
14 in terms of affordability, do you think ratepayers believe
15 that adding these engagement activities in a non-
16 centralized fashion is the most efficient use of scarce
17 resources or shouldn't it -- isn't it reasonable that they
18 expect that it would be more rationalized in terms of a
19 leaner department that can engage with the public as

1 | opposed to having three/four departments across the
2 | organization?

3 | **A.** (Williams) Yeah, a couple things,
4 | I guess. So all those -- the increases that we're
5 | discussing are not necessarily all attributable to
6 | increased public engagement. Those are increased budgets
7 | for those ---

8 | **Q.** Those were highlights of what you
9 | explained they were.

10 | **A.** (Williams) They absolutely are
11 | because that is an important part of what those groups do.
12 | In terms of -- and I'll certainly invite Mr. Flemming to
13 | add anything that he may have to say. But in terms of the
14 | approach to public engagement, I do believe we have a very
15 | centralized and a very purposeful approach to public
16 | engagement.

17 | As I said, the groups we've discussed
18 | are all specialized groups, and so it's helpful when you
19 | go out to talk to the public to have -- just as when we

1 appear before this Board -- to have the people that can
2 respond to the questions that we anticipate receiving. So
3 while we have a comms team that provides a communications
4 and public affairs function and service to the company.
5 They're not necessarily subject matter experts. And so
6 while we could prepare those people to go out, it's more
7 effective to provide the people that know the material
8 more intimately and can provide the detailed responses
9 that oftentimes are customers are asking. And I think
10 that's important, just as it is in this room, to instill
11 confidence in those who are asking the questions that the
12 company has commanded the subject matter and has a
13 definitive direction on it.

14 Q. So when you go out in the
15 community with a reliability team do you not include the
16 participation of the Public Affairs -- Communiqué du
17 public affairs department in terms of advertising it, in
18 terms of publicizing it and so forth?

19 A. (Williams) Absolutely.

1 Q. So you do work with those groups
2 as well already?

3 A. (Williams) They provide that
4 service to these groups. If you think of the Comms and
5 Public Affairs Team as providing that service to the
6 Reliability Team, to the Customer Service Team, those are
7 the experts in their fields, and the Public Affairs and
8 Communications Teams assist them in getting that message
9 out.

10 Q. Okay. I'll leave that one.
11 [3:20:00] Next, cost to implement cybersecurity
12 measures. So I'm not going to go into the various --
13 there are a number of increases related to cybersecurity
14 increases of operations. There was an amount under
15 enterprise asset management. The corporate group
16 information technology there's \$2.9 million there for
17 increased labour, \$800,000 for maintenance equipment
18 software due to cybersecurity program. The corporate
19 group information technology, there's \$6.6 million there

1 | for increased consulting fees, improvements to the
2 | software for Tableau and Power BI; \$3.8 million for new
3 | technology services, increased labour. So I'm not going
4 | to go into those. Obviously those are important aspects
5 | of your business. And we have another proceeding related
6 | to cyber.

7 | But in relation to the cyber costs,
8 | both the CEO, Mr. Gregg, and yourselves in this
9 | Application, have indicated that no cost related to the
10 | cybersecurity breach is -- none of those costs are
11 | included in this Application. You've indicated that;
12 | correct?

13 | **A.** (Flemming) Yes, I can confirm,
14 | Mr. Vice Chair.

15 | **Q.** And then part of the billing
16 | issue, it's on your website that you've hired 100 meter
17 | readers, is that correct, to manually read the bills? I
18 | didn't get a screenshot. I should have. I can if you ---

19 | **A.** (Flemming) I'll have to take the

1 number of meter readers subject to check. But certainly I
2 can confirm that we have hired meter readers to manually
3 read meters.

4 Q. Yeah, I -- I'll check -- check it
5 again.

6 A. (Flemming) I'll trust your
7 figure, Mr. Vice Chair.

8 Q. I'm pretty sure it says 100 meter
9 readers. Actually the quote I've got here, it's from the
10 billing and cyber incident page.

11 We've hired 100 meter readers who are
12 gathering energy use data from residential
13 and business meters across the province.
14 We've hired additional Customer Service Team
15 members to take your calls and help answer
16 your questions. (As read)

17
18 So -- and also it says:

19 This webpage also has information about
20 various series of community sessions across
21 the province to meet with customers to
22 answer questions about their bills and help
23 them understand the options to manage them.
24 (As read)

25
26 So all those people that you've hired

1 | they're related to the cyber incident; correct?

2 | **A.** (Flemming) Certainly the
3 | additional meter reading staff absolutely related to the
4 | cyber incident, yes.

5 | **Q.** Okay. So in terms of the
6 | additional Customer Service Team members to take your
7 | calls, that's a quote from your website, have you hired
8 | additional Customer Service Team members to take your
9 | calls?

10 | **A.** (Flemming) Yes, we have.

11 | **Q.** Okay. And then in terms of
12 | people to meet with customers and answer questions about
13 | their bills across the province, a varied series of
14 | community sessions across the province to meet customers
15 | to answer questions about their bills; have you hired
16 | additional people to do that?

17 | **A.** (Williams) Not in relation to
18 | that. To a large extent that's existing.

19 | **Q.** That's existing staff?

1 A. (Williams) Correct.

2 Q. Okay. So when you have existing
3 staff like that that work on those efforts, do you keep --
4 do you -- presumably they're not able to work on Nova
5 Scotia Power business because they're dealing with -- it's
6 Nova Scotia Power business, but they're working on the
7 cyber issue, they're not working on the regular normal
8 activities. Is that correct, it is tracked?

9 A. (Williams) Sorry, Mr. Deveau,
10 could you just ask the question one more time?

11 Q. So in terms of, first of all --
12 well, in terms of the people that you hire, and the people
13 who are assigned -- that are currently employees that are
14 assigned to -- probably not meter readers, those are
15 probably independent contractors; you could tell me, but
16 in terms of additional Customer Service Team members to
17 answer calls, do you track those?

18 A. (Williams) The additional
19 employees that we've hired?

1 Q. Right.

2 A. (Williams) Yes, those would be
3 tracked as well as the additional hires.

4 Q. And the people who are currently
5 employees that are working on issues related to the cyber
6 incident, do you track those hours separately?

7 A. (Williams) I don't believe we're
8 tracking that work, which is -- I can speak from direct
9 experience, is for the most part over and above regular
10 responsibilities.

11 Q. So they're working more hours?

12 A. (Williams) In many cases, yes.

13 Q. Right. There's no overtime paid?

14 A. (Williams) Not for the employees
15 that are doing the majority of this type of work, no.

16 Q. The union and non-union -- the
17 unionized employees?

18 A. (Williams) I don't believe there
19 have been any unionized employees doing the type of work

1 | we're discussing, sir.

2 | **Q.** The customer service calls?

3 | **A.** (Williams) Those would be
4 | incremental. We've hired additional people on the
5 | Customer Service side.

6 | **Q.** Right. But you've got --
7 | obviously you've got a lot of people that are -- your
8 | present staff that are answering cyber calls, isn't there?

9 | **A.** (Williams) Yes, there would be.
10 | There would be some Customer Service representatives
11 | responding to calls.

12 | **Q.** So the question is are you
13 | tracking -- I think you've answered yes in terms of new
14 | employees. But are you tracking current employees that
15 | are working on the cyber incident that are otherwise not
16 | able to do the job they were hired to do at Nova Scotia
17 | Power?

18 | **A.** (Williams) Well, they're doing
19 | the job they're hired to do, sir, in that they're

1 | answering calls as they come in from customers, regardless
2 | of the issue, but they're not an incremental cost to the
3 | company as a result. To the extent that there's
4 | additional work to be done, we've hired people for that
5 | work, and those costs would be attributed to those
6 | incremental hires.

7 | Q. The Board has received a lot of
8 | complaints about people calling into Nova Scotia Power and
9 | not be able to get in because of the volume of calls. So
10 | they're not able to do their work if the line is too busy
11 | because they're all calling about the cyber incident.

12 | A. (Williams) So I suppose my point
13 | is that they're doing what they were hired to do and that
14 | they're responding to the calls as they come in, and to
15 | your point, as they're able to respond to them. I
16 | understand the volume of calls, and I believe there's been
17 | significant improvement to that as of late.

18 | Q. Okay. The meter readers that you
19 | hired, if you are -- you mentioned that there were 400

1 meters that were communicating -- you were communicating
2 with.

3 **A.** (Williams) Four hundred thousand
4 (400,000) .

5 **Q.** Pardon me? Sorry; 400,000. The
6 400,000 meters that you're communicating with, are those
7 bills still being estimated?

8 First of all, are they actually being
9 read? If you're communicating with those meters, are they
10 being read?

11 **A.** (Williams) So as I discussed
12 earlier, Mr. Deveau, it's a fairly dynamic situation.

13 **Q.** Right.

14 **A.** (Williams) So my latest
15 information, which is what I was able to obtain before the
16 beginning of this hearing, is that we had the 400,000
17 meters communicating, but that is a significant,
18 obviously, influx of data, and it would take time. I
19 don't have a definitive sense of what we're talking about

1 | when I say time, but I didn't get the sense that it was
2 | anything that would interrupt the path we're on and the
3 | expectation that we would be back on track by March.

4 | But when all that data comes in, it
5 | does take time for staff to assess it, collect it and get
6 | things back to normal, so to speak.

7 | So when you -- your question -- it
8 | goes back to your original question about, you know, who
9 | was receiving bills on those meters that are
10 | communicating. I don't have a definitive answer for you
11 | at this time and, as I said, certain customers, depending
12 | on the cycle -- the bill cycle they're on, would receive
13 | bills kind of at the end of this month, the end of next
14 | month. Everyone's on a different cycle.

15 | And so as that cadence moves on, there
16 | would be more and more people receiving bills that are the
17 | result of meter data as opposed to estimations or manual
18 | meter reads.

19 | [3:30:16] **Q.** Right. And I appreciate that. I

1 | understand that is a dynamic situation.

2 | In terms of those -- are meter readers
3 | still reading all the meters that they were before? So do
4 | they know, when they're reading a meter, whether it's
5 | communicating with you or not, or are they just sent out
6 | on a route, and...?

7 | **A.** (Williams) No, it would not be a
8 | haphazard schedule where you have meter readers going out
9 | to read meters that are already communicating. I think as
10 | meters are coming online, those schedules would be -- my
11 | expectation is that those schedules would be adjusted.

12 | **Q.** So the meter readers know whether
13 | a house is connected or not, not to go to that house?

14 | **A.** (Williams) So yes. In principle,
15 | that would be the approach. But as I said, this is a
16 | dynamic situation, so I wouldn't want to say definitively
17 | that there would never be an instance that, you know, on
18 | any given day a house comes online while a meter reader is
19 | out in the field and is at that property. That is a

1 possibility given the dynamic nature of this.

2 Q. Are contracted meter readers also
3 reading opt-out meters?

4 A. (Williams) Yes.

5 Q. They are?

6 A. (Williams) Yes.

7 Q. Okay.

8 MR. CLARKE: Mr. Deveau ---

9 MEMBER DEVEAU: Yes?

10 MR. CLARKE: --- I wonder -- I don't
11 wish to interrupt your questioning ---

12 MEMBER DEVEAU: No.

13 MR. CLARKE: --- but perhaps at a
14 convenient point in your questioning we could have the
15 afternoon break.

16 MEMBER DEVEAU: For a break?

17 Yeah, I had one more question, then I
18 was going to ask the Chair for that.

19 MR. CLARKE: Thank you.

1 BY MEMBER DEVEAU:

2 Q. And the meter readers are reading
3 opt-out meters. Are they doing the other general work as
4 well? Were they hired on to do the cyber work?

5 So because presumably you had reader
6 meters just to do opt-out meters. Are they also reading
7 the cyber-related meters -- cyber reach?

8 A. (Williams) So we would have a
9 limited number of meter readers on staff for those opt-out
10 meters. I can't say definitively at certain points of
11 time whether there's delineation being drawn definitively
12 on -- to that level of detail, I suppose, but I -- there's
13 no -- as we've discussed, as you know, there is no opt-out
14 fee at this point in time either, so.

15 Q. Right. But the opt-out meters
16 are part of your operational costs; correct?

17 A. (Williams) Just, sir, the cost of
18 that is not built into general rates, though. That's part
19 of the opt-out fee that's being proposed for '26-27. So

1 | it's not included in general rates.

2 | **MEMBER DEVEAU:** Okay. I have a few
3 | more questions after the break, Chair.

4 | **THE CHAIR:** Thanks, Mr. Deveau.

5 | So it's 3:35 now, so we'll come back
6 | at 10 to 4:00.

7 | --- Upon recessing at 3:34 p.m.

8 | --- Upon resuming at 3:51 p.m.

9 | **THE CHAIR:** Welcome back.

10 | Mr. MacDuff, I thought I might be
11 | calling upon you at some point in time today. I'm not
12 | sure that's likely at this stage, but I did want to say
13 | congratulations to your wife and your family.

14 | **MR. MacDUFF:** Thank you very much, Mr.
15 | Chair. I forwarded the little excerpt from the transcript
16 | yesterday to Miriam already, and she responded with a
17 | little heart emoji. It was a wonderful ceremony, so
18 | appreciate it.

19 | **THE CHAIR:** Very good.

1 Mr. Deveau.

2 JONATHAN MacINTOSH, Previously Affirmed:

3 CRAIG FLEMMING, Previously Affirmed:

4 BLAKE WILLIAMS, Previously Affirmed:

5 MICHAEL WILLETT, Previously Affirmed:

6 DRAGAN PECURICA, Previously Affirmed:

7 QUESTIONS FROM MEMBER DEVEAU, (Cont'd)

8 Q. Okay. I just have a couple other
9 little topics.

10 Just a couple of questions. Mr.
11 MacDougall and Mr. Mahody covered most of the
12 securitization issue. I did have a couple other little
13 questions.

14 MEMBER DEVEAU: First of all, Mr.
15 Goodine, there was a letter I sent to you mentioned
16 securitization.

17 (SHORT PAUSE)

18 BY MEMBER DEVEAU:

19 Q. So this is a letter that was sent

1 by you, Mr. Williams, December 22nd about the
2 securitization deferral. And at the bottom of that first
3 page, you mention that -- you mention that based on the --

4 As confirmed in response to Board IR-89(d),
5 Nova Scotia Power is proposing to add the
6 deferred costs to the balance being
7 securitized. (As read)

8
9 And this is in the context of you
10 indicating that now -- you now anticipate that
11 securitization will be in place at the earliest by the end
12 of Q1 2026.

13 And you mention on the top of the next
14 page:

15 Nova Scotia Power has discussed this request
16 with customer representatives, but they have
17 not provided their confirmed positions on
18 this matter. (As read)

19
20 So first -- the first question I had
21 was in relation to the indication that securitization will
22 be in place at the earliest by the end of Q1 2026. I
23 understood your testimony yesterday that -- is that still
24 your testimony, that the earliest would be then, or that

1 | it probably is into second quarter?

2 | **A.** (Williams) I think both things
3 | could probably be true, sir.

4 | **Q.** Okay.

5 | **A.** (Williams) I mean, if things
6 | moved very quickly and we had Regulations ---

7 | **Q.** Right.

8 | **A.** (Williams) --- in a very timely
9 | manner here, then probably at the earliest of end of Q1 is
10 | maybe ambitious, but potentially possible. But probably
11 | more likely or more probable that we're into Q3.

12 | **Q.** Nothing ---

13 | **A.** (Williams) Or Q2, sorry.

14 | **Q.** There's nothing more -- there was
15 | no more information between December 22nd and yesterday to
16 | change your opinion. Basically, it's the same view that
17 | it's that timeline.

18 | **A.** (Williams) Other than the passage
19 | of time.

1 Q. Okay, okay. And you mentioned in
2 that last sentence that you've discussed the request with
3 customer representatives, but they have not provided their
4 confirmed positions on the matter. Is that still the
5 case?

6 A. (Williams) That remains the case,
7 and subject to what you would have heard in this room on
8 the matter.

9 Q. Right. Yeah. I've just heard
10 questions. I haven't heard anything else.

11 Okay. Thank you.

12 And then lastly, once you get -- once
13 you get Regulations in place and -- am I -- is it
14 reasonable to assume that once Regulations are in place
15 and you get the process going to go to the market, you're
16 looking at a fairly quick turnaround like you did in --
17 for the \$500 million issuance in December of 2024, or
18 there are complexities beyond that type of transaction?

19 A. (Flemming) My understanding is

1 | that some advance work has been done, so we would expect
2 | the timeline to be similar to the 500 million, as best --
3 | to the best of my knowledge.

4 | Q. Of course, that follows a
5 | financing order by the Board as well, but ---

6 | A. (Flemming) Yeah.

7 | Q. Okay. A couple of questions on
8 | the Control Centre.

9 | And for that, I think probably the
10 | most useful place for me to go to is again the Grant
11 | Thornton report.

12 | **MEMBER DEVEAU:** And if you could,
13 | Jeff, go to -- that's N-33, Figure 12, at page -- it's
14 | page -- PDF page 32.

15 | **BY MEMBER DEVEAU:**

16 | Q. So here, obviously, you've
17 | covered the transfer of employees with Mr. Mahody. And
18 | the Board is at a little bit of a disadvantage here
19 | because I know Nova Scotia Power, I presume, and you've

1 | stated that Nova Scotia Power and the IESO have had
2 | conversations. The Board has not been privy to those
3 | conversations, so we absolutely don't know what's going on
4 | in relation to that transition.

5 | So at some point, hopefully, we'll
6 | have some better visibility, but the IESO just filed --
7 | they had filed for their initial revenue requirement.
8 | They just filed for their -- or they're going to file
9 | shortly for their second year.

10 | But in terms of the Control Centre
11 | here, just a general observation that it goes from
12 | compliance 2024 \$7 million and it increases 5.1 million to
13 | forecast 2026. And that includes the -- excludes the
14 | employees that have already been transferred in December.
15 | And in 2027, it goes down because of a further transfer.

16 | But at the end of the day, the -- even
17 | though we've transferred all those -- all those employees
18 | will have been transferred out, the Control Centre's going
19 | to be bigger at the end of 2027 than it is before the IESO

1 | was appointed. So perhaps you could explain to me how
2 | that happens because certainly I think the Board and other
3 | parties would have expected that Nova Scotia Power's
4 | Control Centre to be smaller after the transfer had
5 | occurred than before it started.

6 | (SHORT PAUSE)

7 | [4:01:35] MR. FLEMMING: Sir -- one moment,
8 | please, Mr. Vice Chair.

9 | MEMBER DEVEAU: Sure, sure.

10 | (SHORT PAUSE)

11 | MR. FLEMMING: So Mr. Vice Chair, one
12 | thing I would like to clarify is that the bulk of the
13 | Phase 1 transfer of employees to the IESO did not come
14 | from the Control Centre. So just as a point of
15 | clarification. There were three employees from the
16 | Control Centre in Phase 1, but the bulk of employees were
17 | not included in the Control Centre. So that increase in
18 | 2026, as compared to 2024 compliance, there is only three
19 | employees that would have been moved to the IESO as part

1 of that differential.

2 Q. So where did they come from?

3 A. (Flemming) They would have come
4 from our System Planning Team which is included in our --
5 I might have to check that. It's -- I know it's either
6 Energy Delivery Services or T&D Contractor Management. So
7 I'll have to verify that for you. If I can take that for
8 just a moment.

9 Q. So you've made adjustments in the
10 Control Centre. Would it -- would you have made similar
11 -- were you -- would you have made similar adjustments? I
12 didn't see that in any of the testimony that you made
13 adjustments in those departments.

14 A. (Flemming) Yes, we did, yeah. So
15 we would have made an adjustment for all of the employees
16 in Phase 1. It's just it's not included in the Control
17 Centre number.

18 Q. Oh, okay.

19 A. (Flemming) Right? So it's

1 included. Phase 1, the bulk of the employees would have
2 come from another area of energy delivery. The Phase 2,
3 which we forecast in the revenue requirement for January 1
4 of 2027, that would have come from the Control Centre.

5 Q. Oh, okay. So can you -- could
6 you provide me that information in an undertaking?

7 A. (Flemming) I might be able to
8 find it for you ---

9 Q. Okay.

10 A. (Flemming) --- if you don't mind.

11 Q. Yeah, take your time, yeah.

12 (SHORT PAUSE)

13 MR. FLEMMING: That is included in T&D
14 Contractor Management. So we've noted that in the --
15 we've noted that in the ---

16 BY MEMBER MURPHY:

17 Q. Seven A, Appendix 7A?

18 A. (Flemming) Appendix 7A, yes.

19 Q. Probably.

1 A. (Flemming) Page 17 to 18.

2 Q. Okay.

3 A. (Flemming) Yeah. Thank you. So
4 we have attempted to layout or provide an narrative for
5 the increase in the -- in Appendix 7A for Control Centre,
6 and certainly we will be retaining, and it does remain the
7 Distribution Control Centre, even after the IESO
8 transition. And there is the requirement for increased
9 engineering staff, as well there is the notation around
10 the FAM Audit outcome which is driving increased costs as
11 well in that Control Centre, as well as some staff that
12 we've noted there around succession planning, and that
13 type of thing, that did happen for the '26 period against
14 2024.

15 So a number of items that has
16 increased the costs in the Control Centre as compared to
17 2024, but as you note, it does increase, but has gone up
18 even considering the decrease due to the -- the decrease
19 to the transfer of 2027 versus 2024. But that would have

1 | been -- that would include, of course, inflationary
2 | factors as well between those time periods.

3 | **Q.** Okay. So in terms of -- do you
4 | anticipate that after the transfer is finished that there
5 | will be positions that will have to be duplicated on both
6 | sides, System Operator and on the Nova Scotia Power side?

7 | **A.** (Williams) I don't think we can
8 | say that definitively at this point, sir.

9 | **Q.** Okay.

10 | **A.** (Williams) I think we would need
11 | to wait to see how that -- exactly how that phased
12 | approach and what the final outcome of that phased
13 | approach is ---

14 | **Q.** Okay.

15 | **A.** (Williams) --- before we would
16 | know that for sure.

17 | **Q.** And at this point in time, I
18 | suppose the same, in terms of the Control Centre itself,
19 | you don't know if it would be -- because there's a range

1 of possibilities as to exactly where the Control Centre
2 sits and that might be another issue?

3 A. (Williams) Even physically, ---

4 Q. Yeah.

5 A. (Williams) --- yes.

6 Q. Yeah. Okay.

7 **MEMBER DEVEAU:** The -- let's look at
8 Grant Thornton, Exhibit N-33. Sorry. Yes, N-33, and it's
9 PDF 34. It's right in the middle there, yeah, Control
10 Centre.

11 **BY MEMBER DEVEAU:**

12 Q. So a few things there. In the
13 line 16, these, or sorry, probably a little earlier, line
14 -- well, starting from the start:

15 Increased labour costs due to additional
16 employees for operational
17 requirements....Per the Company, the
18 additional labour expense in the Control
19 Centre...is due to additional resources that
20 are required to facilitate the significant
21 increase in...[IPPs] interconnection
22 requests, as well as the resources...needed
23 as an outcome of the FAM Audit Dispatch

1 Study.

2

3 It says:

4 These resources are required [by
5 the]...System Operator...and may be
6 transferred to the NSIESO as part of the
7 Phase 2...

8

9 Why would it be may be transferred?

10 And I think that probably comes from your -- from an IR

11 that you answered to Grant Thornton.

12 [4:10:00] A. (Williams) I think it's just

13 acknowledging, sir, what I just expressed to you, that the

14 intention at this point is that those transmission

15 functions would transfer to IESO, but again, we won't know

16 definitively until that has transpired.

17 Q. Okay. Do you have a sense yet,

18 in terms of interconnection requests, whether you'll be

19 doing those or the IESO will be doing those?

20 A. (Williams) So my expectation,

21 sir, would be that interconnection requests on the

22 transmission system would be addressed by the IESO Nova

23 Scotia.

1 Q. Right, okay.

2 Okay. Next is the Lingnan 2. And
3 you've already been referred to by Mr. Mahody about Bates
4 White's report. I can pull it up, but it was the
5 statement that was in response to their IR-11, Attachment
6 1 to you, that -- Bates White said:

7 NSPI assumes [20,829,000] of sustaining
8 capital expenditures at Lingnan 2 during the
9 ['26-'27] GRA period, including [18.4 -- I'm
10 rounding that off -- million] in 2026 and
11 [2.4 million] in 2027.

12
13 So you answered questions about that
14 as well this morning. And then there were also
15 operational expenses, and this is in relation to -- if we
16 go to Exhibit N-33, Grant Thornton, PDF page 30, under
17 "Thermal Plants".

18 So there, there's an increase of \$8.9
19 million of increased labour, contracts, materials,
20 chemicals, and other supplies.

21 The increase is due to the change in Trenton
22 Unit 5 and Lingan Unit 2 retirement
23 assumptions and increased running hours.

1
2 And then, "Per the Company, the
3 retirement assumption for Lingan 2 changed in Q2 2024..."
4 as Mr. MacIntosh indicated. And you speak there about
5 Trenton Number 5 as well.

6 So my question is in relation -- and
7 of course, Mr. Flemming -- well, let's turn that up.

8 **MEMBER DEVEAU:** Board IR-42, which is
9 the FTE IR. And go to the second page.

10 **BY MEMBER DEVEAU:**

11 Q. And it shows there an increase of
12 -- right in the middle for -- I think it's under "Thermal
13 Plants". Yeah, "Thermal Plant" right in the middle of the
14 page. Note 6. There's an increase of 49 employees there
15 and it refers to Note 6. And let's go on the next page
16 for Note 6. And Note 6 says:

17 Primarily due to the assumption that two
18 thermal units would be retired during the
19 ['23-'24] period. These units have been
20 retained to serve customer load and provide
21 system capacity.

22
23 So Mr. MacIntosh, those are -- that's

1 | Trenton 5 and Ligan 2; correct?

2 | A. (MacIntosh) Correct.

3 | Q. Okay. So Ligan 2 had been in
4 | coal reserve for a while, Mr. MacIntosh, and actually came
5 | out of the final project costs for NSPML because Ligan 2
6 | had to be kept on because of the delay in the Block. And
7 | at that time, the Board had directed that it wouldn't
8 | order any -- there could be no more operating costs until
9 | they were approved by the Board. You remember that?

10 | A. (MacIntosh) Yes, sir.

11 | Q. You were probably not here for
12 | that particular hearing, but yeah.

13 | So fortunately, or unfortunately, I've
14 | been -- I've dealt with the Winter Capacity Applications
15 | every year on Ligan 2, so -- for sustaining capital, but
16 | operating costs have also been requested in those matters.

17 | So the plant was in coal reserve and
18 | used for winter capacity requirements. So in 2022 -- for
19 | the 2022/2023 season, winter season, Matter M11322, \$2.5

1 million in sustaining capital costs were approved. And
2 there was still a retirement date back then of -- well,
3 had been extended a year or so. And the issue there was
4 Wreck Cove was being repaired, or there was sustaining
5 capital work happening at Wreck Cove, and Brooklyn was
6 down. That's why you needed to keep Lingan 2 on. Does
7 that sound about right?

8 A. (MacIntosh) Those were two of the
9 factors, but as well as no growth as well, if I recall.

10 Q. No growth at that point in time
11 as well?

12 A. (MacIntosh) No growth, from my
13 recollection.

14 Q. Okay. And in the winter season
15 of '23/'24, in Matter M11706, it was a Sustaining Capital
16 Application for \$1.7 million. And then the more recent
17 one for last winter, 2024/2025, Matter 12316, there was an
18 application for \$1.3 million sustaining capital.

19 MEMBER DEVEAU: And the approval

1 letter, Jeff, you have an approval letter there for Ligan
2 2? Bring that up.

3 **BY MEMBER DEVEAU:**

4 Q. Okay. So there's a couple of
5 things I want to ask you about. So let's first deal
6 with...

7 **MEMBER DEVEAU:** Just go to the next
8 page. Might be two pages over. Yeah. Right there. So -
9 - no, the second page. Yeah. So in that -- can you just
10 -- yeah, enlarge that last paragraph.

11 **BY MEMBER DEVEAU:**

12 Q. So in that case, the Board did
13 approve the \$1.2 million, but in that particular matter,
14 as a result of -- and you explained earlier today, that
15 due to the 2024 10-year system outlook, the retirement age
16 had changed; is that correct?

17 A. (MacIntosh) That's correct.

18 Q. Right. And that was in -- that
19 was roughly filed in May or June of 2024?

1 A. (MacIntosh) June of 2024, to our
2 recollection.

3 Q. June? Okay. So in that
4 paragraph there, the Board says:

5 In its application, pursuant to...the
6 [CEJC], [Nova Scotia] Power [is required to
7 provide] related capital...(CI) projects
8 related to [Lingan 2]...

9
10 And you had indicated that there were
11 seven other projects that all fell under \$1 million, but
12 the total amount of the projects was about \$2.1 million.

13 So in that case, I directed that any
14 future applications for sustaining capital, because of the
15 nature of Lingan -- if you go to the top of the next page,
16 yeah, the Board considers -- yeah, so I indicated, "The
17 Board considers [Lingan 2] to present a unique set of
18 circumstances."

19 And so we go through the history of
20 how that changed from coal reserve to, in 2022/'23,
21 '23/'24 was still no change in the retirement date, but
22 now with the current application, it had changed.

1 So at the very end of that paragraph,

2 I directed Nova Scotia Power to:

3 ...continue to submit for Board approval any
4 [Lingan 2] CI projects, collectively, as a
5 Winter Capacity Requirement project
6 application, until directed otherwise.
7

8 So just a couple of questions in
9 relation to that.

10 You haven't -- Nova Scotia Power
11 hasn't applied yet for any sustaining capital expenditures
12 for Lingan in 2025; Correct?

13 [4:20:17] **A.** (MacIntosh) For the '25-'26
14 winter capacity we have not.

15 **Q.** Okay. So before we go any
16 further, could you explain to me again how we got from 2.1
17 million to 18.4 million in a number of a couple years?

18 **A.** (MacIntosh) Certainly.

19 Nova Scotia Power has been minimizing
20 the capital investment on that unit since it was planned
21 to be retired. Our initial point was not to have to

1 | undergo a major refurbishment prior to its retirement. So
2 | Nova Scotia Power did a lot of innovative things to
3 | minimize the capital on that unit. If you actually look
4 | at Lingan Unit 2 sustaining capital compared to other
5 | units it's very low. And we've been doing that, utilizing
6 | our asset management methodologies.

7 | The change in the increases that the
8 | thermal units that we have on the systems require what's
9 | called a major inspection interval, major refurbishment
10 | interval, which requires disassembling the machine,
11 | opening up the machine to maintain its safe operation. We
12 | have not been able to do that with the minimal amount of
13 | capital historically we spent.

14 | We're at the point now that we've been
15 | extending that refurbishment interval as long as we
16 | defensively can for our customers, but now that the change
17 | emission, the extension of the retirement date, as well as
18 | the timing of those generation resources, we need to go
19 | and do high-pressure turbine inspection refurbishment as

1 well as a generator refurbishment to continue to provide
2 those services for customers for capacity.

3 So like all of it, it's the same way
4 we would look at all of our thermal units, they would have
5 a major refurbishment interval, and that timeframe differs
6 based on utilization. Langan Unit 2 is -- if you want to
7 look at the OEM recommendations, we have gone way past
8 those recommendations by using innovative asset management
9 techniques to do that. Now we're at the point where we
10 have to open the machine to do that refurbishment to
11 maintain its safe operation.

12 **Q.** So I'm not an engineer, but
13 what's to trigger that now? Because, if you can imagine,
14 it's frustrating, and I'm sure it's frustrating for Nova
15 Scotia Power, but it's frustrating that ratepayers may
16 have to spend \$18.4 million on something that's going to
17 be retired in the next year or two.

18 **A.** (MacIntosh) Based on the
19 forecast, yes, that it will be retired in a year or two.

1 And I appreciate -- I appreciate that very much your
2 point, and that's my point too, and that's why we haven't
3 wanted to spend this capital refurbishment investment.

4 But why now? So the condition
5 assessments that we do on the high pressure turbine,
6 though there's mechanisms, and I don't want to get too
7 detailed into it, but there's things called solid particle
8 erosion, how much wear goes onto those components in the
9 high-pressure turbine. And when they wear down so much
10 you can have the potential for cracking to occur and then
11 liberation of material, and when that material could
12 liberate it could result in consequential damages. I
13 don't want to use words that may be -- you can look
14 through industry about what happens when you lose a
15 turbine blade. It has massive impacts on the plant, and
16 it could have collateral damage on the unit next
17 (indiscernible). So these are the risks that we have been
18 managing since its proposed retirement date, but now we
19 need to go and open the machine to continue to validate

1 | its integrity on that unit.

2 | And then on the generator side,
3 | there's a mechanism there that we're working through on
4 | the -- again, it's a pull crossover issue that we have on
5 | the generator that's far outside of the refurbishment, or
6 | interval, or integrity interval that we've been operating
7 | with, and that's another main item that we need to
8 | mitigate.

9 | Q. Also in this decision letter, if
10 | we go right to the very bottom of that letter, I'll just
11 | read it out.

12 | In its decision letter approving the...'23-
13 | '24 Winter Capacity project..., the Board
14 | also approved a request for the inclusion of
15 | operating expenses for...2022...

16 | Which was the point in time of that
17 |
18 | NSPML final project decision.

19 | ...[up] to and including Q4 2024....However,
20 | this approval only applied for operating
21 | expenses until the end of 2024. The Board
22 | directed that [Nova Scotia] Power would be
23 | required to seek...approval of any [Lingan]2
24 | operating expenses beyond that date. In

1 response to IR-8, NS Power noted that it had
2 operating expenses of [\$381,000] in Q1 2025,
3 and that it intended to request Board
4 approval of [those] costs in a future
5 proceeding.
6

7 So in this proceeding you're obviously
8 asking for approval of costs for '26 and '27. So I assume
9 when you come in with the sustaining capital for '25
10 you'll be including request for those operating expenses
11 as well for '25.

12 A. (MacIntosh) Yes, we would treat
13 them the same way that we have historically and asking for
14 independent approval of those operating costs.

15 Q. Okay.

16 A. (MacIntosh) And we plan to do
17 that going forward based on this directive, as even with
18 the GRA we would still apply the same treatment of these
19 costs going forward for this test period.

20 Q. And I'm sorry, I may have missed
21 it when Mr. Murphy was asking you, the \$18.4 million
22 sustaining capital, is that actually a project for a

1 subsequent submittal in the ACE Plan, or it wasn't -- it's
2 just a different date, different year?

3 A. (MacIntosh) Yeah, it's forecast
4 for 2027 at this point based on our latest information and
5 risk assessment.

6 Q. So if a gas fired -- fast-acting
7 gas-fired plant was to appear from the sky in 2026 you
8 may not have to do that?

9 A. (MacIntosh) Yes, sir.

10 Q. Okay. So in relation to that, I
11 have the references, but I don't think I need to go ---

12 **MEMBER DEVEAU:** Perhaps we could mark
13 this as an exhibit, Mr. Chair. It's a letter dated --
14 it's a decision dated August 28, 2025, Matter 12316.

15 **THE CHAIR:** It will be Exhibit N-60.

16 **--- EXHIBIT NO. N-60:**

17 **M12451 Lingan 2 winter capacity**

18 **2025-25**

19 **BY MEMBER DEVEAU:**

1 **Q.** Okay. Again, it's been referred
2 to in a few different places, Mr. MacIntosh, and maybe
3 this is not your question, but in relation to that fast
4 acting, you've referred -- you have referred to the fact
5 -- or Nova Scotia Power has referred to the fact that
6 you're not getting clarity on when the system -- the new
7 IESO Nova Scotia will be in a position to provide -- to
8 put that in place, is that correct, and that's why Langan
9 2 is extended?

10 **A.** (MacIntosh) Mr. Deveau, as we've
11 outlined in the Path to 2030 document that we filed with
12 ACE, ---

13 **Q.** Right.

14 **A.** (MacIntosh) --- and subsequently
15 the retiring of Langan U2 is attached to the addition of
16 that new generation. So the company doesn't have any
17 direct information associated to an updated timeline on
18 that generating capacity. That would be a question for
19 the NIESO.

1 Q. Right.

2 A. (MacIntosh) I do understand that
3 they have progressed with their request for information on
4 those dual fast-acting generation through a procurement
5 process. It's RFI right now and then into (indiscernible)
6 process. But I can't comment on the updated timeline.

7 Q. Have you expressed your concern
8 -- you've expressed your concerns to the Board, because
9 I've seen it in three or four different processes, but
10 have you expressed your concerns to the NIESO, and I know
11 the province is helping them in terms of getting off the
12 ground, but have you expressed your concerns about this
13 matter and the implications, especially in relation to
14 Lingan 2?

15 A. (Williams) Yes, we have.

16 Q. Okay. And there's nothing
17 forthcoming from the NIESO at all in terms of an
18 anticipated date? Have they given you a date?

19 A. (Williams) A commissioning date,

1 | sir, or ---

2 | **Q.** For -- yes, for a new fast
3 | acting.

4 | **A.** (Williams) Other than the
5 | information that Mr. MacIntosh just referred to we don't
6 | have anything further.

7 | [4:30:00] **Q.** Okay. So Mr. MacIntosh, I know
8 | from the matters I reviewed that I just mentioned, in
9 | terms of the annual winter capacity, you have used the
10 | Langan 2, even though it was on coal reserve, you have had
11 | to call it into play, into operation, over the last few
12 | winters?

13 | **A.** (MacIntosh) Yes, we have.

14 | **Q.** Okay. And it's needed for system
15 | requirements. It's part of your reserve margin; is that
16 | correct?

17 | **A.** (MacIntosh) That's correct.

18 | **Q.** Yeah. And the reserve margin for
19 | system planning purchases is supposed to be 20 percent; is

1 | that correct?

2 | A. (MacIntosh) That's a target from
3 | NPCC. Our planning reserve margin is less than that
4 | currently.

5 | Q. Right. What is it -- what was
6 | it, let's say in, like, 2025, or the last winter, or
7 | currently? Or the last ---

8 | A. (MacIntosh) Subject to check,
9 | this year I feel it's -- I believe it's 13 percent.

10 | Q. Thirteen (13) percent?

11 | A. (MacIntosh) Correct. That
12 | number, if you give me a moment, will be in the 2025 10-
13 | year system outlook.

14 | Q. Right, right. And that's a
15 | little lower from what it was before, isn't it? Seemed to
16 | me a few years ago it was, like, 17? Around the BUTU
17 | hearing is what I recall, and I think it was 18 percent
18 | back then, but...

19 | A. (MacIntosh) Yes, due to the

1 factors we talked about before around mould growth. But
2 as you can see though from the path, after this year, it
3 doesn't start to improve with the new wind coming on, the
4 batteries coming on this past year. So it does start to
5 improve back to a trajectory to get closer to the target
6 of 20 percent.

7 **Q.** Do you have a rough order of
8 magnitude of how much it would go down, let's say -- let's
9 take the number 13 percent; if Lingan 2 was not available,
10 how would that impact that reserve margin number?

11 **A.** (MacIntosh) Forgive me if I -- I
12 might not want to do that math on the stand, ---

13 **Q.** Okay.

14 **A.** (MacIntosh) --- but it would
15 reduce it.

16 **Q.** Right. It would be material?

17 **A.** (MacIntosh) Yes.

18 **Q.** Yeah, yeah. So in terms of
19 needing Lingan 2, you really have to have it, is what

1 | you're saying?

2 | **A.** (MacIntosh) Yes.

3 | **Q.** Okay. And ---

4 | **MR. MAHODY:** Can I just ask a
5 | question?

6 | **MEMBER DEVEAU:** Sure.

7 | **MR. MAHODY:** What are the implications
8 | if you don't meet your planning margin?

9 | **MR. MacINTOSH:** There are a number.
10 | So more risk to our firm customers of interruptions. That
11 | would be probably the highest risk, the way I look at it,
12 | but as well as we also have our compliance with NPCC NERC
13 | to show a planning reserve margin that would support the
14 | region. So that's another implication of that. By
15 | further reducing it and not having Lingan Unit 2, would
16 | not -- would be another risk that the company and
17 | customers would have. The NERC Reliability Report is
18 | actually coming out, I believe, this month, but you'll see
19 | in many jurisdictions, particularly northeast, that the

1 risk is yellow and it may even move higher.

2 MR. WILLIAMS: Mr. Deveau, Mr. Willett
3 is just sitting beside me here, he pulled up the 2025 10-
4 year system outlook and can confirm that the reserve
5 margin for '25/'26 is 14 percent.

6 BY MEMBER DEVEAU:

7 Q. Yeah, yeah, I thought it was.

8 So over the last two years, Lingan has
9 been there. So what's caused the reserve margin -- I know
10 this is probably a little bit into -- I'll stop there --
11 but more into that matter, but what's caused, generally,
12 that reserve margin to observe -- move lower? Is it load?
13 Or load, I'm sure, is a factor.

14 A. (MacIntosh) Load is one of the
15 primary drivers, and then timing of wind on the system,
16 and then other generation.

17 Q. Okay. Those are my questions.

18 Thank you very much, panel.

19 THE CHAIR: I'm confident I will not

1 finish before 5 o'clock if I start, so I think given it's
2 Friday and we're going to be back here on Monday, we'll
3 shut her down now and resume again at 9 o'clock on Monday
4 morning.

5 Mr. Clarke?

6 MR. CLARKE: As always, Mr. Chair,
7 we're in your hands. I know this panel would very much
8 like to finish today, if at all possible. I'm absolutely
9 confident in that. But again, I don't know the number of
10 questions you have or where we're headed.

11 THE CHAIR: I -- it'd be a guess at
12 this point, but I'm at least an hour. So I don't think
13 that's -- I don't think -- I think we shut her down now.

14 So to the panel, even though it's the
15 weekend, you do remain under oath and may only discuss
16 your testimony amongst each other and not amongst -- not
17 with anyone else.

18 So see everyone Monday morning.

19

1 --- Upon adjourning at 4:35 p.m.

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CERTIFICATE OF COURT TRANSCRIBER

I, Patricia Cantle, hereby certify
that I have transcribed the foregoing, and it is a true
and accurate transcript of the evidence given in this
matter, M12451.



Patricia Cantle
Registration No. 2017-001
ICDR, ICDT
Certificate No. IAPRT-2142

Halifax, Nova Scotia
Friday, January 9, 2026