M12451

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

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TRANSCRIPT PART A

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: Monday, January 12, 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
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Nova Scotia Independent Energy System Operator (NSIESO)
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Halifax, Nova Scotia

--- Upon commencing on Monday, January 12 at 9:00 a.m.

THE CHAIR: Good morning. I hope everyone had a good weekend.

Are there any preliminary matters from any of the parties before we resume questions of the panel?

MR. MAHODY; I have just one, Mr. Chair. Good morning.

The CV of Caroline Palmer of Synapse is -- I've provided to Mr. Goodine. If I could ask that that exhibit -- that that document be marked as the next exhibit, which I think is 53 or 54, perhaps.

Sixty-one (61). There you go.

THE CHAIR: Thank you, Mr. Mahody.

So N-61.

--- EXHIBIT NO. N-61:

Caroline Palmer, CV

MR. MAHODY: Thank you.

JONATHAN MacINTOSH, Previously Affirmed:

CRAIG FLEMMING, Previously Affirmed:

BLAKE WILLIAMS, Previously Affirmed:

MICHAEL WILLETT, Previously Affirmed:

DRAGAN PECURICA, Previously Affirmed:

QUESTIONS FROM THE CHAIR

Q. Good morning, panel.

A. (Williams) Good morning, sir.

Q. In the letter of comment sent on behalf of the KMKNO and the Assembly of Nova Scotia Mi'kmaw Chiefs, a request was made for the establishment of a Mi'kmaw rate class. And I appreciate there may be some statutory issues relating to this, but is this something that has ever been considered by Nova Scotia Power?

A. (Williams) I can say that it specifically has not been considered recently, sir. And I think, as you would know, there's been a longstanding understanding within Nova Scotia stemming back from the

Dal Legal Aid decision that such a rate would not be possible under the current legislation.

That said, I personally have had discussions with representatives from KMKNO about that.

Q. Then the letter from the KMKNO also outlines a number of concerns, including socioeconomic vulnerability, inefficient housing in community buildings, the remote location of Mi'kmaw communities, demographics, and energy burdens. What supports are available to Mi'kmaw households with high energy burdens?

A. (Williams) Again, sir, those supports would be similar to those supports that are in place for all residential customers within Nova Scotia. However, we're certainly aware that there are differences for those of an Indigenous background and those living on reserves as opposed to other customers.

And as I said, I have had discussions with representatives and look forward to continuing to have discussions about the matters they've raised in their letter.

Q. Okay. And in terms of low-income customers generally, I know you spoke on Friday about your work with the Low-Income Working Group. I'm wondering if you could just provide an overview or a review of the supports that are available for people who are finding it difficult to pay their electricity bills at this time.

A. (Williams) Certainly. One moment, sir.

(SHORT PAUSE)

MR. WILLIAMS: Thank you, sir.

And I think just as a matter of reference for anyone listening or reading after the fact, I think as a starting place, the Low-Income Working Group report is an excellent resource for parties looking to have a better understanding of the work being done in relation to low-income groups in Nova Scotia and the resources that may be available to them as well as the --

as I mentioned in previous discussion on -- I believe it was on Friday, that Nova Scotia Power does, in fact, have a low-income advocate itself in-house that assists low-income customers in navigating the billing system and any concerns that they may have.

With that said, there's -- I think as you would be aware, there's the HARP and HEAT funds, which are funding that is available to customers not just in relation to electricity rates, but energy costs in general.

There is also the pilot program that's ongoing that is aimed specifically at electricity costs. And that's for customers that have electricity billing arrears and that have charities assisting them with those arrears. And so what that pilot program does is forgives the interest in relation to that so that when those customers are receiving that assistance from charitable organizations, it's not -- that assistance is going directly on the principal arrear, not on any interest payments, so trying to assist those customers by making that assistance that they're receiving much more effective in terms of drawing down the arrears as opposed to contributing towards interest.

So those are three programs that are directly related to costs, I would suggest.

You would have heard me talk also on Friday about the work that's been done by Mr. Lanteigne, Director of Customer Service, in relation to disconnections.

And I -- my personal view of it that that is very impactful work. And as I said on Friday, you can see in the numbers how effective that's been.

And what I said on Friday is that that change or that shift has been a more purposeful approach to the disconnections. And by that, I mean trying to get in front of customers when they are at risk of disconnection and making sure that they understand the resources that are available to them, whether that's assistance from our low-income advocate, whether that's assistance from other low-income advocacy groups, whether that is engaging them in a discussion about the payment plans that may be available to them. And we've had many discussions with the Low-Income Working Group or the Low-Income Advisory Group about those payment plans and what would be effective, whether it's a 12 month, whether it's a 24 month.

So those are discussions that we've had and continue to have about how we can structure those payment plans so they're more -- most effective for that group of customers.

Those would be certainly, off the top of my head, sir, probably the main points that are -- programs that are directly related to that group of customers or that potential group of customers.

But as I said, that -- the discussion with the Low-Income Working Group, I really think it's a beneficial one. It's a great flow of information, and when I say flow, I mean both -- in both directions.

And I think it’s really effective to be speaking about it from a regional basis like that -- like we do with that group so it’s not just a customer -- an overall customer impact. It’s really looking at it in different areas within the province and, you know, trying to understand why those differences exist and what resources may exist in those different areas to help those customers.

So it’s a -- it’s a very broad discussion, but it’s also a very important discussion and I think one that’s -- it’s being more effective, but that’s probably cold comfort for a number of customers, quite frankly. I know how impactful it is for a number of customers, but we are doing -- we are progressing that work to try to understand that better and try to determine how we can not just help, but help -- not just directly help, but help people understand what options may be available. And so a big part of that is the communication and making sure they understand what’s available to them.

Going back to kind of where the discussion started about a distinct rate, or for rate class, whether it’s an Indigenous rate class or whether it’s a low-income rate class; sorry. Those are discussions that we do continue to have too, despite the fact that that *Dal Legal Aid* decision exists in the legislative framework that resulted, and it continues to exist. We do believe that it’s an important discussion to continue to have because it’s our hope that at some point something like that would be available, and we want to be ready to act on it when it is.

BY THE CHAIR:

[9:10:20] **Q.** Thank you.

You referenced the Working Group report. I think one was just filed very recently, and it’s Matter M126447 where that report can be found.

Mr. Williams, is there anything new that’s contemplated or planned in the test years for low-income or Indigenous supports?

A. (Williams) I think -- so the pilot program that I mentioned is relatively new and will continue to run. And I think those -- there's coming into place of a community grant that would available, and there's discussion of that in the low-income report that you just referenced that would have been filed. Just to continue on the more specific nature of that reference, it would have been filed, I believe, December 19th of 2025. And so there's a discussion of that community grant in there.

But again, I think it's -- I think the -- what we have undergone, what we've experienced with the cyberattack has changed customers' needs, at least in the interim, I think, in terms of communication and how we can help them. And so certainly things like not disconnecting customers has been part of the effort to reduce that burden in the near term as that problem exists. We don't anticipate that problem existing, as we discussed. But those efforts more recently have been focused on those types of burdens and reducing that impact. I think as we move out of that timeframe where we're experiencing those impacts, our focus will shift to more longer-term assistance for those groups. But as I said, that impact and the work in relation to the cyberattack has not interrupted the discussion and the work that's been ongoing with the Low-Income Advisory Group.

Q. Okay. Thank you. In your Application, Nova Scotia Power noted that its proposed increases could be compared to recent annual average rate increases in neighbouring Atlantic Canadian provinces of 7 percent to almost 13 percent. Do you recall that?

A. (Willaims) I do, sir.

THE CHAIR: Mr. Goodine, could we put up -- pull up Exhibit N-14 and go to PDF 229, please?

BY THE CHAIR:

Q. So as part of the Application, Nova Scotia Power filed a link to the Hydro-Québec report?

A. (Williams) Yes, sir. I see that.

Q. And the Hydro-Québec report is an annual report that Hydro-Québec prepares that provides rate comparisons for a number of cities across North America?

A. (Williams) That's my understanding, yes.

THE CHAIR: Mr. Goodine, are you able to click through that link?

So this is a copy of the Hydro-Québec report that was referenced.

Could you go to page 26 in the PDF, please, Mr. Goodine? Actually, just looking for the previous page. It says 25 at the bottom. And focusing in on the top half of the table for the Canadian cities.

BY THE CHAIR:

Q. So looking at the amounts for residential bills as of April 1, 2024, it appears that residential bills in Nova Scotia are the highest of all provinces except Alberta. Does Nova Scotia Power have any reason to believe that was not the case on April 1st, 2024?

A. (Williams) No, sir, I don't believe we would have any reason to doubt what's represented on the page. I don't have an in-depth knowledge of how Hydro-Québec determines this and whether they use an average bill and how they determine the customer charge impacts, their findings. Customer charge would be different in every province.

I think context -- when you're looking at a chart like this, context is obviously very important and the specifics in the jurisdiction. So what assistance is provided from governments and jurisdiction, and when I say that I don't mean customer direct, I mean specific to electricity costs. So certainly in a number of these jurisdictions, there would be some form of subsidy on electricity rates. Certainly a number of these jurisdictions are Crown corporations.

I think also important to recognize

the generation components, or the generation mix in jurisdictions. And while Nova Scotia has some hydro generation, it's not as fortunate as other jurisdictions. And certainly when you look at this, Winnipeg, Vancouver, St. John's, Regina, Moncton to a certain extent with Mactaquac, but certainly there's a number of different -- and Quebec would obviously be one of those as well with Montreal at the top of the list there, where there's significant components of hydro. And that makes a big difference in terms of the cost of electricity. Hydro, as this Board and those in this room are well aware, is a zero-cost fuel. So it has the ability to reduce electricity costs. And like -- as I said, while we have some hydro in this province, we don't have it in the abundance that other provinces do.

And I would also add nuclear to that discussion as well. It's not as straightforward a discussion as in comparison with hydro, but it does also have an impact on fuel costs as well. And so again, when you look here, obviously Ontario and New Brunswick have that resource, whereas a number of these other provinces don't.

So I don't have any reason to dispute the numbers on here, but I think important to have a better understanding of how those are developed, but also the context in which they're developed, and it's important to recognize the involvement of governments in these jurisdictions, as well as the fuel mix and historical reasons for that fuel mix.

Q. In terms of our neighbouring Atlantic Canadian Provinces, do you agree with me that the amounts showing in the report for bills in Nova Scotia and looking, I guess, specifically, at the 1,000-kilowatt hour column in the middle, while only slightly above Prince Edward Island, are close to 20 percent higher than New Brunswick and more than 30 percent higher than Newfoundland and Labrador?

A. (Williams) Again, sir, the

numbers are on the page, yes.

THE CHAIR: Mr. Goodine, could we turn to page -- sorry; Exhibit N-27, PDF page 10, please.

BY THE CHAIR:

Q. This is the Settlement Agreement that has been referenced a number of times already. Just note that the Settlement Agreement in the Settlement Terms boxes for many of the items, there's a reference to a draft GRA. And I guess in reading this, I was left with the impression, and I'm going to ask you to indicate whether this is a correct impression or not, but at some point in time, there was a draft sort of General Rate Application that would have been provided to various ratepayer representatives as part of these discussions leading to the Settlement Agreement?

A. (Williams) Yes, there was a form of a GRA that would have had the components for discussion included, but it was, as you indicated, provided as a draft.

Q. And are you able to tell me when that would have been provided to ratepayer representatives?

[9:20:08] **A.** (Williams) Going by memory, sir, there was a number of different points in which information was shared, but I believe late May would be an approximate date. And that's obviously May of '25.

Q. Yes, thanks.

THE CHAIR: Mr. Goodine, if we could go to PDF 13 in that document.

BY THE CHAIR:

Q. And just looking at Item G, that relates to the PHP deferral, the Settlement Agreement addresses revenue variances that may arise in 2026 or 2027.

A. (Williams) Yes, sir.

Q. Is Nova Scotia Power intending on bringing another General Rate Application for 2028?

A. (Williams) I think at this point

in time, any plans for a General Rate Application subsequent to 2027 would yet to be determined, and we would need to understand the circumstances at that time. This period was just recognizing -- the '26-'27 period was just recognising that the Board is approving rates for '26 and '27 through this process.

Q. Right. The deferral described in the Settlement Agreement only tracks variances over those two years. To the extent that there are variances in 2028, and there's no new rate application, those will not go into the deferral, those will be absorbed by Nova Scotia Power?

A. (Williams) Or addressed, to your point, through a subsequent rate proceeding.

Q. Right.

A. (Williams) Yeah.

Q. But if there's no subsequent rate proceeding, those would be absorbed by Nova Scotia Power?

A. (Williams) That's correct. I

think the thinking, sir, is that by -- assuming we get through -- assuming the tariff is approved and we proceed on the basis that's been anticipated, we'll have an understanding once we're into 2027 of how this is working. And if we need to bring forward a proposal to continue to deal with the PHP tariff, and any potential variances, then we would do so at that point in time.

But I think really the approach is, again, like I've said before when we're talking about PHP, is it's just the cautious approach wanting to make sure that we're -- yeah, just taking that cautious approach during the test period, and once we get through this and have a better sense of the impacts of PHP going above the line, potentially going above the line, and as well as the onset or the advent of Goose Harbour, then we'll be in a better position to determine what would be most appropriate subsequent to 2027.

Q. Okay. And speaking about Goose Harbour, Bates White in its evidence noted that the PPA for Goose Harbour does not specify any penalty if PHP fails to reach commercial operations by the contractually specified date. Is this because the Province did not include that protection in the PPA that Nova Scotia Power was required to enter?

A. (Williams) Yes, sir. Anything that is included in that PPA, or not included in that PPA, is as a result of what the Province would have included, or not included.

Q. Am I correct that as a result of the proposed rate smoothing, the base cost of fuel in 2027 will be set to under recover forecast fuel costs in that year by more than $17 million?

A. (Willett) That's correct. There would be an over-recovery in 2026, followed by the under-recovery that you mentioned. And I believe there was an IR that was responded to which would show the impacts of that change in 2028.

Q. And in 2028, there will be a

resetting of the base cost of fuel?

A. (Willett) So that would be what the plan of administration would note, that the BCF would be updated on a two-year basis through a GRA or based on a Board order. So our expectation would be that the BCF would be reset in 2028.

Q. And I understand as well that structurally sort of built into that rate smoothing mechanism is an underlying under-recovery over the two-year period of about $800,000?

(SHORT PAUSE)

MR. FLEMMING: You are correct. There is a -- we forecast at the end of the period there to be a $800,000 balance on the FAM.

BY THE CHAIR:

Q. So if your forecast for fuel over '26 and '27 is perfectly accurate, at the end of that term when you need to reset the base cost of fuel there will be $800,000 owing by customers to Nova Scotia Power.

A. (Flemming) If we -- yes, exactly. If all of our forecasts for fuel for those two years are exactly correct, that that's what we would forecast, yes.

Q. In terms of a ballpark for average residential energy consumption in a year, what's a good number? It would be 10,000 kilowatt hours; 12,000 kilowatt hours?

A. (Flemming) We normally use the figure of 10,000 kilowatt hours for ballparking.

Q. Okay.

THE CHAIR: Mr. Goodine, could we pull up Exhibit N-27 again, and go to PDF page 550?

BY THE CHAIR:

Q. This is Nova Scotia Power's response to Nova Scotia Energy Board IR-133, and it sets out the difference in -- for residential rates for the capping of the customer charge that's proposed in the Application compared to on an uncapped basis. Is my understanding of what's in that table correct?

A. (Willett) That's correct. It's showing the customer charge that is proposed versus if the customer charge was based on the results of the Cost-of-Service Study collecting the full customer costs assigned in the cost of service in the customer charge.

Q. Okay. So the result for 2026, then, as I understand it, is if the rates -- the customer charge was not capped as proposed, the customer charge would be $9.07 per month higher for residential customers?

A. (Willett) So that's correct. But one piece to note, in that scenario, if the customer charge were increased it would have an offsetting impact on the energy charge. So there would be an increase in the customer charge but a decrease in energy charge.

Q. Decrease by 1.043 cents?

A. (Willett) That's correct.

Q. Per kilowatt hour. So just doing the math there, 9 times 12 is about $108, and using the 10,000 kilowatt hours per year average residential use at

1 cents, that's about $100. So there's an almost equal offset in that particular case?

A. (Willett) That's what I would expect, yes.

Q. And so given that, what is the justification for the cap?

[9:30:14] **A.** (Williams) So the cap, as it were, sir, is really a continuation of the discussion from the last General Rate Application. So you’ll recall in the last GRA the customer charge had not been altered for quite some time in Nova Scotia, so there was the proposal to right price, if you were, the customer charge. That would have resulted in a fairly significant increase in the customer charge while not impacting the overall increase of electricity, as you just discussed with Mr. Willett. It was seen as something that was not desired from customer representatives at the time.

And so as part of that Settlement Agreement in the last General Rate Application -- I think there was reference to it earlier in this proceeding -- there was agreement to go 75 percent of the way with the incremental 25 percent remaining on the energy charge.

And so really the cap is just -- is the continuation of that treatment really. I think the -- and I don't want to speak for those that were advancing those positions, but I think the concern is that it generally would have a disproportionate impact on lower income customers. I think there's a discussion to be had about that, perhaps, about whether the customer charge would disproportionately impact low-income customers, or rather, would either be neutral for them or perhaps be a benefit if there was more on the customer charge. I think there is a discussion to be had about that. But the reality is that the cap in this instance is just a continuation of that discussion and the continuation of that treatment from the last General Rate Application.

THE CHAIR: Mr. Goodine, could you pull up Exhibit 1, please, and go to PDF page 25?

BY THE CHAIR:

Q. So the impact of the capping of the customer charge, in effect, result in higher energy -- higher than average energy users subsidizing lower than average energy users; correct?

A. (Williams) Yeah, sorry, sir, I'm just pausing on the word subsidizing. I think there's certainly no debate that a higher customer charge would benefit higher volume users.

Q. The result of the cap is that higher energy -- higher than average energy users are paying more than they otherwise would if the customer charge was set as determined by the Cost-of-Service Study?

A. (Williams) I would agree with that, yes.

Q. And this is a page from the KMKNO letter that we talked about earlier, and you'll see the first bullet on the page:

Older draft-prone or poorly insulated

housing results in systematically higher electricity usage per household for heating hot water and appliances. (As read)

You'll agree that that is something that occurs not only in Mi'kmaw communities but in low income areas throughout the province?

A. (Williams) Yes, I would, to the extent that that housing stock is heated with electricity, then yes, I would agree.

Q. Right. So in those instances this proposal to cap the customer charge is actually a detriment to those customers?

A. (Williams) So I think the other side of the coin or the discussion would be that when you look at the ability to fund a conversion to electric heat, whether it be with heat pumps or time-of-day systems, the ability to install solar, I think the -- and again I'm speaking for others here -- I'm also a little hesitant to do that, but I think their view would be that those types of systems or sources of electricity and sources of heat are available -- more readily available to higher income customers. And when I say “higher income” I just mean relatively speaking. And so obviously that would benefit -- would reduce their uses of electricity and they would benefit from the cap here.

Q. Right. So again the result of the cap, in terms of low-income people who are living in older draft-prone or poorly insulated houses and are using -- with electrical heat are using higher than average usage and can’t afford those upgrades the cap is certainly a detriment to those individuals?

A. (Williams) They would. But again, as I was saying, those that can afford higher efficiency electricity -- sources of electricity and higher efficiency sources of electric heat they -- they’re not benefitting from this cap because the cost of -- the cost to them would be higher.

Q. The cost/benefit analysis for making the investment would be different?

A. (Williams) So, sir, I think -- maybe just circle back on this. I think the other side -- I mean I'm sure -- because, as I said, I don't want to -- I'm speaking for others to a certain extent here, in terms of the rationale for the cap. But the cap would be something that would be seen as -- I think the thought process would be that low-income customers are using less electricity, higher income customers are using more electricity, usually have bigger houses, more to heat. So I think there's two sides of the discussion as to whether the customer charge being higher or lower positively or negatively impacts low-income customers.

The scenario that we're referring to on the first bullet on this page, though, certainly I would not disagree with you that in that scenario the customer charge would -- capping the customer charge would result in higher costs. But again we're talking about generalizations, and generalizations across the province and there's, as I said, at least two sides to the discussion. But I do think it's a reasonable discussion we have, it's a worthwhile discussion we have, and what we've attempted to do here is create a compromise, if you will, where we are trying to right-price the customer charge as much as possible but still acknowledging the other side of that discussion, which is that the first bullet point in those circumstances do not apply to all low-income customers.

Q. And is this anything that the Low-Income Working Group is working on?

A. (Williams) It's not something that's been specifically -- so when the Low-Income Working Group was initiated as part of the last GRA this would have been a topic that was more prevalent because it had been a significant issue as part of the last General Rate Application. So it was part of the initial discussions with that group. It has not been part of the more recent discussions, which have focused more on not so much rate design or cost of service but in terms of what we practically do on the ground or on a day-to-day basis to assist customers. But I think where your question is likely going, a suggestion that it ought to be part of a discussion, is a good suggestion, sir.

THE CHAIR: Mr. Goodine, could we go back to Exhibit N-27, please, go to page 582 in the PDF.

BY THE CHAIR:

Q. So this is Nova Scotia Energy Board IR-148, and you'll see in part (d) of the question that Nova Scotia Power was asked if it had the ability to detect billing anomalies that might indicate incorrect meter readings.

[9:40:08] **THE CHAIR:** And if we could go to 583 to the response to that.

BY THE CHAIR:

Nova Scotia Power indicated that it did have the ability to identify customer bills that exceed a pre-defined dollar value threshold for a set particular rate code.

Is this threshold hard coded for the entire rate code or does it vary based on individual customer usage, for example, 25 percent higher than average use for that particular customer?

A. (Williams) It is not hard coded across all -- across the customer class, sir. It would be more nimble than that in addressing it on a per-customer basis looking at their energy -- their historical energy usage.

Q. So does Nova Scotia Power have these thresholds attached to each account that it has?

A. (Williams) Sorry, sir. Could you just ask the question one more time?

Q. I think the last question I asked was -- it was in response to your response, which I understood to indicate that there wasn't a specific threshold that was set once for the entire rate code, that it was more, to use your words, nimble than that. And so I asked whether each individual customer account had a threshold set for it.

A. (Williams) Yes. I don't believe it's a specific threshold that's established and held static, if you will. My understanding is that it's -- the system will recognize when there's higher energy usage than would be expected or typical, and I believe that that occurs through the "My Energy Insights" program.

Q. So this response refers to a pre-defined dollar value threshold. What does that mean?

A. (Williams) So again, my understanding is that it's pre-defined through the system in terms of the historical usage, that it wouldn't be the same dollar value for every customer.

Q. So why does it refer to a "pre-defined dollar value threshold set for any particular rate code"?

A. (Williams) That may be something I have to take away, sir.

Again, my understanding is that the

system is specific to the customer.

Q. Okay. And the threshold that's defined for the specific customer, what is that? Is it 10 percent higher than average, 15 percent? How is the threshold set?

A. (Williams) I think it would be appropriate, sir, if you need an answer for that, that I take that away rather than -- I think anything I'd give you would be an educated guess, but it would be a guess at this point.

Q. Okay. If you could, then, what I'm looking for is if the threshold is a pre-defined dollar value, what that dollar is. If it's not pre-defined, if it's set specific for each particular customer, how the threshold is set and when it is set. And then whether that functionality was impacted as a result of the cybersecurity breach, and whether this process picked up the recent fairly notorious high billing concerns that have arisen and how it responded to that.

So are you able to provide all that in an undertaking response?

A. (Williams) Yes, sir.

<u>THE CHAIR:</u> Okay. So that will be Undertaking U-23.

<u>UNDERTAKING U-23 - If the "pre-defined dollar value threshold" is a dollar value, provide that value. If not pre-defined, if set specific for each particular customer, how the threshold is set and when it is set. And advise whether that functionality was impacted as a result of the cybersecurity breach and whether this process picked up the recent high billing concerns that have arisen and how it responded to that</u>

THE CHAIR: Can we go to page 277, please, Mr. Goodine?

BY THE CHAIR:

Q. We've looked at this before, actually. There's a table that I'm going to focus on on the next page.

In this particular IR, Nova Scotia Power was asked, in effect, to show a workforce continuity from compliance 2024 filing to the proposed 2026.

THE CHAIR: Just back to the responses to the Information Request before the table there just briefly, Mr. Goodine, if we could.

BY THE CHAIR:

Q. Some of the lead-in language to the table, basically it notes that while you provided some information, which was appreciated, you were not able to fully respond to the IR request.

A. (Flemming) That's correct, Mr. Chair.

Q. And in lines 16 to 17, we see that Nova Scotia Power "cannot restate the FTEs included in the 2024 compliance forecast to match the updated structure on the requested timeline."

Can you tell me what that means, exactly?

A. (Flemming) Yes, I can.

So this is related to the cyberattack and loss of information detail related to Nova Scotia Power's prior General Rate Application.

So the files that we stored that have the backup had all the labour positions by job code, by position, by department. Nova Scotia Power does not currently have access to that.

Q. Okay. And is that the reason why you couldn't provide the information, the requested breakdown for 2025 as well?

A. (Flemming) A little bit different but also related to the cyberattack.

Q. Okay. And how is it a little bit different?

A. (Flemming) It's not related to historic files. It's related to current reporting functionality.

Q. You do indicate that the current number of FTEs, current as of the response in 2025, I guess, is 2,478, which by my math is about a 17 percent increase over the 2024 compliance number. Is that correct?

A. (Flemming. I haven't done the calculation, but I'll take that.

Q. Okay. And if we could go to the table, at the bottom there, we see that, overall, the increase is about a quarter of the workforce. You've expanded by a quarter between compliance 2024 and -- or you're proposing to do by 2026?

That's my correct understanding of the results at the bottom of the table?

A. (Flemming) Yes, 507 -- an increase of 507 employees as compared to the 2,115 that was included in 2024 compliance.

Q. And the response on the previous page, we don't have to turn to it, but it also notes that the figures in the table have not been adjusted to reflect the 9 million reduction in OM&G expense under the Settlement Agreement?

A. (Flemming) That's correct. So $9 million, a large portion of our operating expense, OM&G expense, is labour, so at least some portion of that will have to come from labour.

It also doesn't reflect any reduction as a result of the labour vacancy that we've built into the Corporate Adjustments Department, which would be -- which would reflect a reduction in labour expense as well.

Q. Right. And that reduction is to recognize the reality that there's churn and, at any given point in time, all of the FTEs that you have on your -- in the workforce are not filled.

A. (Flemming) That's absolutely correct.

Q. Yeah. And in terms of the total corporate groups on the table here, the first third of the table, Nova Scotia Power proposes that in 2026, there will be an increase of 107 positions from compliance 2024. How many of these positions will be removed as a result of the $2 million reduction under the Settlement Agreement?

[9:50:09] **A.** (Flemming) I'm unfortunately not able to provide a figure for you, Mr. Chair, as I noted last week during conversations around the $9 million. We have not yet determined how we are going to achieve those savings. The reason for that is, you know, we really did go through the budget and try to achieve as much savings as we thought were feasible prior to submitting this draft GRA to customer representatives and stakeholders, and we believe that the 9 million is a stretch and will be difficult to find, and so work is underway right now in the organization, looking to find those savings, but that has not been completed as of yet, and not -- we have not allocated that between accounts or departments as of yet. We just have not made it there at this point.

Q. So for the corporate groups, then, are you at least able to tell me what groups they're likely to come from?

A. (Flemming) Again, Mr. Chair, we have not made that determination as of yet, but I think we would review just about every one of those groups, I think, just to make sure -- to see if there's an opportunity for savings. But unfortunately at this time, I wouldn't be able to provide you an indication of which groups that savings would come from.

Q. Okay. So I assume same response for the $5 million reduction in energy delivery?

A. (Flemming) Yes. I know work is underway to achieve those savings and there have been meetings, there have been discussions, but in terms of exactly where those savings are going to be found, unfortunately as of now, I don't have an update for you, Mr. Chair.

Q. And same response again for the $2 million reduction in customer experience?

A. (Flemming) Correct.

THE CHAIR: Mr. Goodine, if we could go to Exhibit N-6, please, PDF page 25?

BY THE CHAIR:

Q. So this particular page, this particular part of the Application is talking about the various changes to OM&G, and this particular section is dealing with the Customer Experience and Innovation Group. On this page there's a bullet dealing with the work and asset management system. There's a bullet after that that refers to customer-focused initiatives. It's at the very bottom of the page there. Do you see it?

A. (Flemming) Yes.

Q. Can you tell me what initiatives

we're talking about?

A. (Flemming) If we move down to the next page, we do have a follow-up paragraph that does describe some of the programs. I don't believe this is an exhaustive list. There are certainly programs that are in phase right now. So we just -- the My Energy Insights are launched right there. So support for that. The Green Button, the Time Varying Pricing, and support for developers, large developers as well. So those would be a -- that would be an overview of some of the customer focused initiatives, but I don't believe it is an exhaustive list. But that would be my understanding.

Q. And all of those items that you mentioned, those are not new in '26 or '27? Those are existing programs?

A. (Flemming) Yes, I take your point. Not brand new, but I do believe that the scope and scale of these initiatives we expect to be larger, the requirement for support to be larger during the 2026 to

2027 period than it is currently.

In addition, the -- as I mentioned, the large developer support program, that is a newer program.

Q. How is the scope from My Energy Insights changing in ’26 and ’27?

A. (Flemming) I believe that there are -- first of all, we continue to see increased uptake, and I believe that as we continue to develop the program, looking to add new features to the My Energy Insights. I don’t have any specific details on that, but that is my understanding.

Q. How does the new uptake drive costs for Nova Scotia Power? It’s a system that’s accessible by customers. If more customers are accessing it, how does that translate into costs?

A. (Flemming) So Mr. Chair, I’m not an IT expert. My understanding is that this is a hosted solution for Nova Scotia Power and the more data that is hosted on the system, or by our contractor third party that hosts this, that does scale with the amount of data, and therefore the cost scales with the amount of data. So that would be the reason for that.

Q. And what new enhancements are proposed for My Energy Insights in ’26 and ’27?

A. (Flemming) I don’t have that detail, Mr. Chair, but would be happy to ---

Q. No, that’s fine. And the Green Button initiative, how is that proposed to change in ’26 and ’27?

A. (Flemming) So I think what we’re trying to get at here is when we talk about the growth and position here, I don’t believe that Green Button was anticipated at the time of the last General Rate Application. And in terms of what has changed since 2024, I don’t know the specifics of that, but I -- my understanding was that this program continued to be rolled out in 2024 through 2025, and I believe still continues to be.

A. (Williams) I’ll just add to that, sir, just to confirm what Mr. Flemming said, and the Board would be aware of this, the Green Button was a legislative requirement that came in subsequent to the last General Rate Application. So it's not necessarily what's changing in relation to it in '26 and '27, it's that it represents a step change since the last revenue requirement forecast would have been provided.

[9:59:59] **Q.** Okay. And is the My Energy Insights tool and the Green Button, are they currently functioning?

A. (Williams) My Energy Insights, sir, would be tied to the AMI meters and the ability of those to communicate. So that would be tied to the issue we discussed, I believe with Mr. Deveau last week. Green Button, I think would be a similar issue. I'm not as familiar with the current status of it, but I think it would be similar.

THE CHAIR: Mr. Goodine, if we could go back to Exhibit N-27 at page 278, please.

BY THE CHAIR:

Q. So the table is showing a 50 percent increase in communications and public affairs, which I understand is due in part to the addition of a new External Engagement Department that did not exist before; is that correct?

A. (Flemming) Yes, it is correct.

Q. And why did this department become necessary?

(SHORT PAUSE)

MR. WILLIAMS: So I think that work, that department, sir, is kind of arising from what I think would be the -- what I think I would term as kind of the evolving need and desire of customers for information. And so I think we're understanding and getting a better understanding of how our customers want to receive information and our need to communicate more effectively with customers and try to identify those but also have the resources to move forward with that. And so we talked about a number of the different services, if you will, that that group would provide to the utility in helping to get messages out regarding reliability, customer service, customer experience options, those types of things.

So I think what that really is, is, like I said, it's kind of the evolution of information in society in general and understanding that we need to be more proactive in identifying mechanisms or mediums for communication, but also getting information out there on a -- more often and in a more varied fashion.

Q. How is Nova Scotia Power measuring this need of customers for information?

A. (Williams) I don't think that measurement is so much quantitative as it is qualitative, sir, and it's responding to the feedback that we get. And also, I think feedback is certainly one aspect of it, but specific requests to hold, you know, things like community meetings or sessions in specific communities.

So certainly there’s a benefit to kind of, I'll call it more generic communication, whether it be social media or posting on websites, that type of thing, but I don't think -- certainly this Board, I think, would agree, there is no substitute for being in a room with people and being able to have that face-to-face discussion responding to questions in real time and developing that personal connection, if you will.

Q. And are most of these requests for community meeting, are they tied to community frustration over reliability issues in those areas?

A. (Williams) So there would be requests and there would be discussions certainly specific to reliability, as we talked about, with the Reliability Team. There’s certainly community-specific issues that arise, and certainly in relation to some of the hydro facilities, in particular, there's a number of different ways, and we've talked about that as well, the number of different ways that our hydro facilities impact society, impact the local communities, and so there's discussions about those. There's discussions, as I said, about -- pre-emptively, about planned outages and how those would impact communities, and trying get out and make sure customers are aware of those, as I said, ahead of time, proactively, but also following up with them to ensure that they did receive the information, that if there's any other way that it could be communicated to them more effectively, then we're understanding that as well.

So reliability is certainly part of the discussion, but it is by no means the only aspect of the discussion.

Q. Did Nova Scotia Power provide any sort of cost/benefit analysis for the creation of this new department in its Application?

A. (Williams) I think the short answer to that is no, sir. But to expand on it, I think it's -- as I said, it's not so much a quantitative discussion, at least not at this point, I think it's about rolling out, it's responding to those requests.

So to the extent that our customers, and those that represent our customers, are seeking those types of meetings, seeking that type of information, seeking that type of interaction, then we feel it's something that we need to respond to. And I say that, it's -- it is a measured approach. We're not -- this is something that's been developed with forethought and being responsive to those requests, but it's not a -- a cost/benefit analysis hasn't necessarily been put forward that would be quantitative in nature. It's responding to the need and it's responding to the desire.

Q. In what way is it a measured approach?

A. (Williams) I think it's a measured approach in that, as I said, it's trying to be responsive to the concerns and the requests and trying to hold meetings, communicate information as effectively as possible. So bringing people directly to the community and holding community meetings, as opposed to, you know, somebody like going door to door, something like that. It's trying to create economies of scale and provide that information as -- in most effective and most efficient manner as possible.

And it's the type of thing, sir, that I don't know that there is one perfect way to do it. Consultation is difficult, and determining the right level of consultation can be difficult. We feel that what we're proposing and what we're providing currently is reflective of that measured approach or that balanced approach, but it could prove to be that in the coming years we need to adjust that approach.

Q. In your Five-Year Reliability Plan you make comments around the need to balance reliability with affordability; correct?

[10:10:03] **A.** (Williams) Yes, sir.

Q. And how do you balance the need

for affordability with increasing costs in these areas of consultation that we're talking about? What's the calculus there?

A. (Williams) So, sir, I think the balance is much of what we've talked about already where we do see going to -- and I won't go through it again -- all the work we've done to reduce cost and drive cost down. But certainly this process, in and of itself, and the work we did ahead with customer representatives to identify what was a reasonable revenue requirement to come forward with we see as a key part in achieving that balance.

I think the other part of the discussion in relation to the community outreach and having those discussions with customers so we -- you know, one part of reliability is understanding customers frustrations, understanding customers expectations. The other part of it is ensuring that we have -- and whether you want to call it a relationship or a social licence, but a big part of doing reliability group is having the ability to go on to customers lands and cut trees and do the work that is needed to ensure that reliability. So a lot of that work isn't possible without those types of -- those meetings, and that outreach, and that -- and again whether you want to call it a relationship or social licence, it's the same thing, in essence, really. It's that trust and it's that understanding of what needs to be done.

Q. And unlike the reliability plan for your proposed growth in consultation and engagement, you haven't developed a formal overall plan that's been filed with the Board or regular Intervenors that has been costed out and that has particular measures or targets?

A. (Williams) So, no, we haven't provided a plan obviously that's similar to the reliability plan in terms of the level of depth, but I do think, to a certain extent, we've provided, in terms of our intentions and the description in Appendix 7(a) in particular, where near as the business in which would benefit from those services.

Q. Over the 2024-2026 period there's growth by about a quarter in human resources and safety group, which I understand is to reduce serious injury frequency, to attract skilled employees, and support diversity, equity and inclusion programs; correct?

A. (Flemming) Yes, Mr. Chair.

Q. What is Nova Scotia Power's record with serious injuries, and what is the targeted level of improvement that the additional resources are intended to achieve

A. (Flemming) Mr. Chair, unfortunately I don't have the safety statistics here with me, but happy to take those away. They would be readily available from our safety team.

In terms of Nova Scotia Power's goal, I think one of the things that, you know, I'd note is that the company has seen significant growth, has seen significant growth in customer-requested work, and as the size of the workforce as the size of the contractor force expands it is, from the company's perspective, important to scale the safety staff with that to make sure that there is safety supervision, to make sure appropriate safety programs are in place.

In terms of the company's goal, it's world-class safety, best-in-class safety, that everybody goes home safe everyday, whether that be a Nova Scotia Power employee or a contractor.

And, Mr. Chair, we have located the safety incident frequency figures. Very happy to report that Nova Scotia power had a safety incident frequency of zero for 2025 -- serious injury frequency; excuse me.

THE CHAIR: Mr. Goodine, could we go to page 315 in Exhibit N-27, please?

BY THE CHAIR:

Q. So line 4 refers specifically to further reducing serious injury frequency. Not much reduction you can do from zero.

A. (Flemming) Sure. At the time, Mr. Chair, when that response is written the 2025 figures were not final and so we would have been looking at prior year figures. So unfortunately we did have a serious injury frequency of .15 in 2024. But zero is always the goal.

Q. Okay. And so there's no -- other than zero, there's no specific target reduction number that you were striving for with the additional investment here?

A. (Flemming) I would say that for serious injury frequency, zero is always the goal for Nova Scotia Power.

Q. What new diversity, equity and inclusion programs are planned for '26 and '27?

A. (Flemming) Mr. Chair, before I answer that question, just to expand on my last response, if that's okay?

Q. Sure.

A. (Flemming) Just wanted to note that in addition to the serious injury frequency there are other safety metrics that Nova Scotia Power tracks. So it is not just about serious injury frequency. We do want to limit all types of, you know, whether that be a lost-time injury or even injuries that are more minor. Thank you for the opportunity to supplement.

In terms of the diversity, equity and inclusion programs, what is planned for 2026 and 2027 ---

Q. New. What is new?

A. What is new? I don't have that response for you, Mr. Chair, I apologize, other than to say that Nova Scotia Power is committed and remains committed to DEI initiatives.

THE CHAIR: If we could go back to page 278, please.

BY THE CHAIR:

Q. So the HR staff is proposed to

increase 25 percent from compliance 2024 to 2026, and as I understand it, costs are proposed to increase in the group 40 percent from restated 2024 compliance to 2026.

[10:20:10] This continues a trend of increasing HR staff and costs since 2019; correct?

A. (Flemming) Yes, subject to check.

Q. Okay.

THE CHAIR: Mr. Goodine, could we go to page 400, please?

BY THE CHAIR:

Q. So this is from the ScottMadden Report, and the timeframe looked at in their study is 2019 to 2023, as I understand it.

We see the third bullet under "Observations" on the right-hand side, NSPI:

> Number of business entity employees increased 11% in nominal terms from 2019 to 2023 while the number of HR function FTEs increased by 15% over the same timeframe.

You see that?

A. (Flemming) Yes, I do.

Q. Okay. Now, as I interpret it, this is telling me that your HR staff increased at a higher rate than the increase in staff overall in the organization?

A. (Flemming) Yes, I would agree with that. So 15 percent increase in HR function as compared to 11 percent in overall business entity employees.

Again, I believe that is due to the growth, the significant growth that we've seen in Nova Scotia Power, and I believe that we likely did not have enough HR staff at the -- at the 2024 levels -- or excuse me, at the 2019 levels.

THE CHAIR: And Mr. Goodine, if we could go to the previous page, 399.

BY THE CHAIR:

Q. You see in the third bullet under "Observations" that ScottMadden notes that:

Nova Scotia Power's number of employees

increased by 11% but its total HR costs increased 41% in the same timeframe.

Is there any reason why costs almost doubled when workforce only increased by 11 percent?

A. (Flemming) So yes, there's a number of reasons.

So as we noted, there has been a significant increase in the amount of employees required for Nova Scotia Power in order to provide service to customers.

Q. Eleven (11) percent over this period.

A. (Flemming) That's right.

In addition to that, there is -- there are costs related to Nova Scotia Power's shared services with Emera's and, as the company grows on a total basis, there is an increased allocation of those costs to Nova Scotia Power.

The company has invested significantly in attracting certain skill employees. There has been some difficulty in attracting certain skillsets. There is a shortage overall in Canada, so making sure that we have appropriate staffing and programs in place, in order to attract and retain those skillsets that are required to provide service to customers, and as well there -- there were costs associated with administrative software fees associated with making that -- making that employee attracture [*sic*] or employee recruitment process less labour intensive.

Q. In terms of the split in resources for HR between Nova Scotia Power and Emera, can you tell me how that is -- what the breakdown is, who does what?

A. (Flemming) So there are a number of functions within our Human Resources Department so I would be hesitant to try to go through all the functions and state which company has which. But again, certainly it's something that would be readily available from our HR Department.

Q. Okay. And in the ScottMadden report as well, it notes that, "NSPI's total HR costs per FTE in 2023 is 21% higher than the industry group median." You see that?

A. (Flemming) I do, Mr. Chair.

Q. And as you'd indicated, the inability to be able to hire qualified resources is a phenomena that is experienced in Nova Scotia, in Canada, in North America and internationally; correct?

A. (Flemming) That is my understanding, but I believe it is more pronounced with electric utilities. And the APQC median, my understanding, is it does include other utilities. It does include utilities such as gas, water, that type of thing. And my knowledge of those utility industries is much more limited.

Q. And ---

A. Sorry.

Thank you, Mr. Chair. Go ahead.

Q. So to the 21 percent figure there, would that include the costs for the services provided by Emera as well?

A. (Flemming) Yes, the total HR cost per employee of 15.67, that would include, yes, the shared services costs -- the portion that is allocated to Nova Scotia Power.

Q. Okay.

THE CHAIR: Mr. Goodine, if we could turn to page 314, please.

BY THE CHAIR:

Q. So this is Nova Scotia Energy Board IR-62, and Nova Scotia Power was asked generally about the increases in HR costs. And I want to look at a particular part of the response, so I'm looking at page 316 now at lines 9 and 10. It says:

> Nova Scotia Power continually evaluates the required human resources complement of programs that are required to provide customers with improved value. In addition, the Company evaluates whether services are

more economic to provide with internal staff or outsource to a third party and operates on a shared service model for some human resources and safety functions to improve economies of scale.

Has any evaluation been presented to the Board in your evidence in this Application about the evaluation of required human resources or the evaluation of whether services are more economic to provide internally or outsourced or with respect to the shared services model?

A. (Flemming) Nothing that we're aware of that has been provided as part of this proceeding, Mr. Chair.

THE CHAIR: Mr. Goodine, if we can go back to page 278, please?

BY THE CHAIR:

Q. So looking at the table, we see another approximately 25 percent or quarter growth in staffing in facilities procurement and security and a 17 percent increase in thermal plants. And I understand that these are in part because you did not close down coal plants, as you'd indicated you were going to in your last General Rate Application?

[10:30:07] **A.** (Flemming) Correct, Mr. Chair.

Q. And if we look at growth in solar, hydro, and wind energy, I understand that a significant part of the increase showing there is needing more people to manage aging hydro resources?

A. (Flemming) Yes. But in addition, though, aging wind assets and dam safety programs would be two other significant contributing factors.

Q. And in terms of -- sorry; just one moment. And in terms of the additional staffing in environment, again, a significant part relates to maintaining hydro resources?

A. (Flemming) Yes, this would be -- certainly -- that would certainly be a contributing factor. So increase in Departments of Fisheries and Oceans' Regulations is a contributing factor, as well as ongoing engagement with our Mi'kmaw partners.

Q. In terms of the proposal to defer the costs related to this General Application and amortize them for recovery over the test years, this has not been allowed before in Nova Scotia; correct?

A. (Flemming) To my knowledge, that is correct. I will note that there are costs of service costs included in the amount, which was ordered -- which I believe is allowable, per Board direction.

Q. No, and that's a fair distinction. But in terms of just the rate case costs, those have never been allowed in Nova Scotia?

A. (Flemming) That's correct, yes, as far as I'm aware.

Q. And you may recall from the last General Rate Application, there was a discussion about jurisdictions such as Massachusetts where rate case costs are normalized operating costs in the period between rate applications? But this doesn't seem to have been considered by Nova Scotia Power. Instead it seems that the company wants to start a perpetual cycle of putting these operating costs in rate base and earning a return on them. Why is that?

A. (Williams) So I don't -- the focus of the proposal is not so much on rate basing those costs and earning a return, it's on recognizing the volatility of those costs. And I think this proceeding would be an excellent example of how those costs can vary.

The significance of the proceeding, the volume of work that -- and resources that go into these proceedings, it can vary, and this is a prime example of that. So it's not so much about how you termed it. It's about recognizing the -- as I said, the volatility of those costs and the unpredictable nature of them.

Q. And these costs are operating costs?

A. (Williams) They would be

operating costs and material.

Q. Sorry?

A. (Williams) Material.

Q. Okay. What is your projected General Rate Application cost for this Application?

A. (Flemming) Mr. Chair, our understanding, or our best estimate right now of the -- and we have been looking on this on a combined basis. So a GRA and cost of service deferral. So our best estimate is still $4 million; in that area, $4 million. However, as part of the Consensus Agreement reached with customer representatives, Nova Scotia Power agreed to reduce that by half, down to $2 million.

Q. Okay. And your OM&G costs in 2026 are $352 million?

A. (Flemming) Yes, our forecast OM&G for the 2026 test period is $351.8 million.

Q. Right. And so can you explain to me, in terms of Mr. Williams’s comment about materiality, how these costs are material in the light of the total amount of OM&G, focusing in particular on not the total amount, but the amount that you might be off by?

A. (Flemming) You know, I don't want to speak for Mr. Williams, but I interpret it to mean that the total amount is material. And Nova Scotia Power, when thinking about how to approach this, you know, we thought that it was -- this was the most appropriate way to go about it because of the volatility and the impact that it could have on Nova Scotia Power or customers of not having the timing or the amount of this correct. So certainly Nova Scotia Power could normalize some amount into its revenue requirement and have that for future General Rate Applications, but, you know, as we've tried to convey, the potential for Nova Scotia Power to have timing issues, in terms of maybe Nova Scotia Power doesn't require a General Rate Application and now it has amounts that is included in its revenue requirement that it's charging and collecting from customers, or to the extent that the scope of the General Rate Application is significantly larger or significantly lower, you know, that has the ability to not reflect the company’s actual cost of service. And I know that there is a certain amount of that that does occur as a natural part of the rate-setting process, but to Nova Scotia Power, when we thinking about having an amount in revenue requirement for a General Rate Application, charging that to customers, and not proceeding, you know, it didn’t feel like the right approach to the company. And, you know, in terms of the materiality to it, certainly I think most customers would think it’s material, and in terms of Nova Scotia Power’s bottom line, has the ability or the potential to certainly be material to that figure.

A. (Williams) Just one moment, sir.

(SHORT PAUSE)

MR. WILLIAMS: And sorry, I apologize, sir, so I may be repeating some of what Mr. Flemming said. I was just conversing with Mr. Willett for a brief period there. But since I was -- it was my comment, I guess I'll weigh in.

When I was speaking to the materiality of it, I recognize your point about certainly a variation would something less than what the total would be, but the position and the revenue requirement has been put forward and it's not included in the revenue requirement, so any -- we are talking about the whole amount, not a -- not a variation of it. But I understand your point.

Q. And it's not included in the revenue requirement; it's not going to be incurred in '26 or '27 either. It's an operating cost in '24 and '25; correct?

[10:40:03] **A.** (Williams) That's correct.

Q. And Mr. Flemming -- sorry. Go ahead.

A. (Williams) Sorry. I'm just getting it from both sides that -- and '26 as well.

Q. The small amount in '26.

A. (Williams) Correct. But my point was that it was not in revenue requirement in ’23 or ’24, either, so...

Q. Yeah. And in terms of the discussion that we had last time at the General Rate Application and the potential for normalizing those costs, why wasn’t that considered?

A. (Flemming) I think it was, Mr. Chair. I think Nova Scotia Power has tried to convey its position that setting the revenue requirement or trying to put an amount in for a revenue requirement for a -- for its next General Rate Application, which could be many years away. I certainly don’t expect it to be a decade like it was at one point, but it could be a few years away, so I think that the timing and the amount could be significantly different, and again, Nova Scotia Power could be charging customers for expenses that it doesn’t require as part of its cost of service or vice versa.

And setting this closer to the time

when it's actually incurring those costs while the General Rate Application is under development, while there is still the potential for some variance from forecasts in terms of the actual cost, the timing and the amount is much more certain and, therefore, from Nova Scotia Power's perspective, is a better match to the cost of service and the revenue requirement.

Q. And in terms of your comment about normalizing these costs and operating costs and not coming back in for a rate application and potentially then recovering costs from customers unnecessarily, that's sort of the gist of what you just said?

A. (Flemming) And I think it goes both ---

Q. Just that's the gist of what you just said?

A. (Flemming) Yes, with one clarification.

Q. Yeah.

A. (Flemming) That it does go both ways, right.

Q. Yeah.

A. (Flemming) So it could be -- could be on the flip side of that as well.

Q. If you come in earlier.

A. (Flemming)

Q. And you're proposing to recover these costs over two years.

A. (Flemming) The reason we're proposing to recover it over two years is that's the term of the ---

Q. Sure.

A. (Flemming) --- General Rate Application.

Q. And if you don't come back in for a rate application in 2028, you will continuing -- continue to recover those costs from customers until you do?

A. (Flemming) It’s a fair point because it would be in our 2027 General Rate Application. Yeah, I completely agree with that. Nova Scotia Power would assume that there would be other costs of service, inflationary pressures, that type of thing that would take the place of that.

Q. Right. But at least ---

A. (Flemming) But your point’s well taken.

Q. At least in terms of your objection to why you didn’t normalize it, you’re in the same boat when you amortize it.

A. (Flemming) Yes, but the other point being that the amount and the timing of the General Rate Application is much better known at that point.

Q. And the other point of distinction is you earn a return on it if you defer it and amortize it?

A. (Flemming) Yes. Yes, you

absolutely would. Yes. Yeah. And it's a two-year period.

Q. Unless you don't come in back for a rate application, and then it will go on until you do.

A. (Flemming) Again, correct, except that Nova Scotia Power would not have that in its rate base ---

Q. Fair.

A. (Flemming) --- with the ability to earn a return.

MEMBER DEVEAU: While the Chair's looking for his next question, in terms of the GRA and, say, your regulatory affairs budget, how's that -- how is the volatility that you describe any different than the other regulatory schedule that you have?

I mean, yes, you do have certain matters that come in year after year, but if there's anything that's characterized the last five years, let's say, is that no year is the same and there's always unique type of proceedings that come before the Board, given the transition and other factors, so -- you know, including the FLG 2 last year, Wasoqonatl. You had counsel here for that. The ESS, you had counsel here for that. You had other matters related to integration and customer -- distributed energy resources and power purchase agreements and -- so how -- and some of those were quite significant, as well, proceedings.

So how is the volatility in the GRA any different than the remainder of your regulatory affairs schedule?

(SHORT PAUSE)

MR. FLEMMING: So Mr. Vice Chair, from my perspective, the forecast for Regulatory Affairs Department, it includes a certain level of expected spending, and that is built up with the expectation that there are going to be certain known filings, proceedings, that type of thing. And the company does its best to forecast and then build it into its revenue requirement.

So you know, our position would be that the regular outside of the General Rate Application spending, that would be included in the company's revenue requirement.

There is absolutely some volatility associated with it like there would be with other departments as well, but the company does its best to incorporate that in its understanding at the time of the forecast.

Your point is well taken that there have been some large proceedings that have included some significant cost, but from our understanding at the time when we built this forecast was that the GRA kind of stands alone and apart in being amongst the company's most costly procedures, and for that reason, the company took the approach that it did.

MR. WILLIAMS: Maybe if I could just add to that, Mr. Deveau, I think -- I agree with everything Mr. Flemming said.

I think really what we -- when we look at our potential regulatory proceedings, we certainly have one grouping of proceedings that is on a somewhat regular cadence or -- you know, when you look at FAM, you look at ACE, you look at our capital routines, there's a number of things that we know are going to happen every year, every second year on that regular cadence and they're, you know, fairly easy to budget for, relatively speaking.

There's maybe another group that is kind of some of the things that you were mentioning, Mr. Flemming mentioned that we know we're going to have other proceedings that pop up, whether it arises from legislation, whether it arises from, you know, customer initiatives. So we can -- we can have an aspect of the budget that addresses that as well, and it's -- the unpredictable nature of that is somewhat difficult, but I don't think reasonable for us to go forward and propose a deferral account for that significant an aspect of our regulatory budget.

The General Rate Application is perhaps unique, as Mr. Flemming described, because of its predictable but yet unpredictable nature in that you know you're going to need to come forward with them so we can identify the need for -- it can be assigned a deferral account because we know we're going to come forward with one. It's not like some of these other proceedings where they're nebulous. We know there's the potential for regulatory spend, but we don't know what it's related to.

But a General Rate Application -- and again, I go back to this as an example -- it can vary in terms of its scope, in terms of the process that's involved, in terms of the cost, the expenses, the resources, and not just because of -- just one minute here.

Not just because of the potential for consensus or settlement or something like that, but the issues that arise as a result of it can vary significantly between rate applications or within a test period.

So I mean, we see an example of that when we look back at the last General Rate Application and we had, you know, the advent of the DDA, the storm rider, DSM rider, a number of different things that were being proposed, whereas this -- we would see this General Rate Application as being more akin to -- I’m hesitant to say a generic General Rate Application because none of them are necessarily generic, but it’s more confined in terms of focused on the revenue requirement and determination of rates.

MEMBER DEVEAU: Well, the last one was a little unusual because you hadn't come in in 10 years. So I would think in terms of, you know, following that, unless you're -- you know, unless you're prepared to tell us today you're not coming in for another 10 years, that's another matter, but I would think it would be easy –- if General Rate Applications are going to come in more consistently, whether it's every two years or three years or –- it would be easier to normalize those costs, like other regulatory proceedings, than not normalizing them.

[10:50:25] **MR. WILLIAMS:** So I agree, it was the first time in roughly 10 years. But when you look at -- if you were to discuss that kind of in a vacuum and you were saying, "Well, if you haven't been in for 10 years, what are the things that you would maybe see?" and you would have maybe expected to see a more in-depth review of depreciation cost of service last time around. But we didn't see that, despite it was 10 years, we're seeing that now. We saw additional issues that arose last year.

And that's really, I guess, what I'm getting at, is you can expect General Rate Applications, but the scope of it and the timing of it is not necessarily as predictable as some of our other applications. And I know it's perhaps counterintuitive that it's somewhat the predictable nature of it that makes it more appropriate for a deferral because -- but by that, I mean you can identify the need for it. So you need that deferral for it, but the costs that would be associated with it are -- can vary. And to your point, you know, the last one was a unique one, but some of the issues that you would have thought would have been significant issues because of that 10-year period, were not, and others were. So it can vary.

MEMBER DEVEAU: Well, certainly, there was the recognition that there should have been a Depreciation Study filed before this particular GRA, but in any event, I'll leave that. You can respond if you wish, but...

MR. WILLIAMS: I understand your point, sir, and we've brought the Depreciation Study forward as -- in a time that we believe was consistent with the Board directive, and we, as you're well aware, we brought it forward with the -- with customer representative support.

THE CHAIR: Mr. Goodine, if we can go to Exhibit N-6, please, PDF page 99. And there's a table further down on the page. It might be -- yeah, it's further down. There we go, that's it. I just gave you the wrong page reference. Apologies.

BY THE CHAIR:

Q. Mr. Williams, I suspect these are for you.

Did Nova Scotia Power include compensation for executives in the 2026 and 2027 test years on the same basis as shown in the calculations for 2024 on Figure 1?

A. (Flemming) Yes, Mr. Chair.

THE CHAIR: And Mr. Goodine, if we could go to Exhibit N-58, page 8.

BY THE CHAIR:

Q. Which of these five scales applies to Deputy Ministers?

A. (Williams) Yeah, I think this goes back to the discussion we had last week, sir. So I think what was done was that the pay scales, and I recognize your point from last week that there was only two and there was specific -- they were expressly set out as being applicable to Deputy Ministers and Associate Deputy Ministers. And so here, we don't have the benefit of those descriptors, so I -- my understanding of what was done was that in the previous pay plan, while there was only two, it was assumed, again, that the Deputy Ministers' pay scale was the SO5 that we see here.

Q. Yeah, so that was an assumption that you made?

A. (Williams) That's my understanding, yes, sir.

Q. And what did you assume -- who -- what -- did you assume SO1 to SO4 was covered by the Associate Deputy Ministers?

A. (Williams) I can't speak specifically to what was assumed on 2, 3, and 4, or 1 for that matter, but I think, yes, the assumption would have been that it's a variety of different pay scales or positions that would be under the Deputy Ministers, which were understood to be the ranking public officials on this pay scale.

Q. And you also are aware that at around the same time as government changed the senior officials pay plan to the new structure it also introduced a new Executive Deputy Minister position?

A. (Williams) I am now, sir, yes.

Q. And when did you become aware of that?

A. (Williams) Specifically, I do not know, but within the last few months, yes.

Q. When does Nova Scotia Power expect its appeal over tax deductions disallowed by the Canada Revenue Agency to be heard in the Tax Court of Canada?

A. (Flemming) We still do not have a date set at this time, Mr. Chair.

Q. When do you expect that to be?

A. (Flemming) Hopeful that it will

be -- oh, sorry. Just one moment, please.

(SHORT PAUSE)

MR. WILLIAMS: So sorry. I think the response that we provided in relation to NSEB IR-60, and that's sub (a), sub (iv), it says:

> ...the timing for next steps in the litigation is currently unknown and the process and scope of those steps will be impacted by matters outside of [Nova Scotia] Power’s control...

I don't believe we have an update to that.

Q. Okay. So when do you expect there to be a trial? Appreciate it's unknown for sure, but you must have an expectation of when it will be.

A. (Williams) I don't that I would be -- that would be appropriate for me to put forward, but we can take that as an undertaking and provide you with an update.

Q. Okay, well I'm not going to ask for that now. Do you expect it will be in the '26-'27 time period?

A. (Williams) So I can confirm that is the expectation, but that -- I mean, what we've seen thus far is multiple delays in that court schedule, and so that's my hesitation to confirm anything.

Q. Okay. But your current expectation is sometime within the test years.

A. (Williams) That's our understanding.

Q. Okay.

THE CHAIR: Mr. Goodine, could you pull up Exhibit N-5, please, and go to page 26.

BY THE CHAIR:

Q. And Mr. MacIntosh, these questions are going to be about the Climate Change Adaptation Plan. I assume that's probably aimed at you.

A. (MacIntosh) Yes, sir.

THE CHAIR: Mr. Goodine, could you go to page 29, please.

BY THE CHAIR:

Q. The fifth paragraph down on the page says:

> To better prepare for the future, [Nova Scotia] Power has obtained climate scenario data that provides insights into the degree of impact that can be expected on its assets and operations. We also commit to continuing to enhance our understanding of the changing climate as more data becomes available and models improve.

And then the start of the next paragraph:

> To understand and assess the potential risks to [Nova Scotia] Power assets from climate change, [Nova Scotia] Power is integrating the climate adaptation process into [its] existing asset risk management process.

Mr. Macintosh, are these statements sort of the essence of the plan that was presented here? There's a collection and analysis of climate data and then feeding it into the existing asset management system?

[11:00:04] **A.** (Macintosh) Yes.

THE CHAIR: Mr. Goodine, if we could

go to page 34, last line on the page.

BY THE CHAIR:

Q. It's noted here that the plan excludes impacts associated with employee health and wellness. Can you tell me why that's the case?

A. (Macintosh) The asset management mechanism associates and aligns with our company risk profile. So the criteria inside the asset management mechanism on your category of risks there's one allocated to safety. So it's not directly related to employee health, but there is a safety component associated inside our asset management mechanism. The asset management mechanism does not strictly outline employee health and wellness.

Q. Fair. Why doesn't your Climate Change Adaptation Plan, is I guess the question?

A. (Macintosh) The company has other programs and departments that are responsible through policies for employee health and wellness so that's why it's not included within this plan.

Q. Okay. So you didn't contemplate or give thought to, in this particular plan, about how the changing climate conditions may have an impact on employee health and wellness?

A. (Macintosh) No, we did not. I would just say some of that climate modelling we did use for average temperatures and heat we would have provided that to the safety departments for enhancements to the safety programs around working in high temperatures. So looking at alternatives such as cooling vests if you were in a hot environment. So taking that data from future climate and looking and implying that into our safety programs.

Q. Okay. So can you just elaborate on how that occurred or sort of on the ground what that looked like as you were going through developing your plan and how that fed into the safety side of things?

A. (Macintosh) Yes. So the Climate

Adaptation Plan would have encompassed modelling, and that modelling that we did do had average ambient temperatures looking out in the forward. The data from that would have been shared with our safety professionals, and there are also sub working groups across Emera that would also share with one another climate data, and that's how that data would have been shared.

Q. Okay.

THE CHAIR: Mr. Goodine, if we could go to page 51 now.

BY THE CHAIR:

Q. I'm looking at the paragraph underneath the green box. This paragraph notes that:

> The asset classes or operational areas evaluated includes transmission lines, distribution lines, substations, thermal generating stations, hydroelectric generation stations, and wind generating assets. Through this process [Nova Scotia] Power has developed a deeper understanding of the vulnerabilities for these different operational [assets].

I didn't actually see anywhere in this

document where specific vulnerabilities associated with each of these classes were explicitly identified, and mitigation measures and timelines to address them set out. Did I miss that?

A. (Macintosh) No, Mr. Chair. There was a number of examples included if you scroll down into the report. But the management system to categorize older risk is included in our Climate Adaptation Management System, the CAM System. So that’s a database system that includes all of our climate factors and how those are assigned to the specific asset classes as we outlined here.

Q. So why doesn’t this plan sort of identify what this valuable information is that you’ve gathered about the vulnerabilities and identify the potential mitigation measures and the timelines for the Board and interested parties? It all seems to be under the hood, as it were, in the asset management system. Why isn’t it included transparently in the plan?

A. (Macintosh) So these factors evolve over time. The company does deploy systems or asset management mechanism system, which includes the input of climate risks in our risk profiles, as well as the Climate Adaptation Management System which house those. But I appreciate your point that there are, I'll say, thousands of lines of associated data that is included in our climate modelling that's assigned to these assets. So we try to provide a sample of that inside this Climate Adaptation Plan, which is really trying to outline the methodology Nova Scotia Power used to incorporate these climate factors into our plan processes. But appreciate the point again that there's much more data that's associated with this and how those are assigned to our specific asset classes.

THE CHAIR: Can we go to page 55, Mr. Goodine, and just -- yeah, okay, that's great.

BY THE CHAIR:

Q. So you said a moment ago we could scroll down and see some examples. I think this may be what you were referring to, Mr. Macintosh?

A. (Macintosh) Yes, sir.

Q. Okay. So this is an example of an assessment that has been done in respect of Tufts Cove. What I see here, you talk about sea level rise and storm surge, but what I don't see is any discussion about how this will be addressed or even the options that might be considered to address that. Why is that?

A. (Macintosh) Yes, Mr. Chair. So back to the previous discussion talking about how this risk is now driven into the asset risk profiling process. So the company deploys an asset management system through the asset management mechanism that associates the risk with all of our major asset classes. So the project that will be pushed from this risk will come in the form of a capital item. If you -- there's a figure in here that talks about the asset management mechanism -- and I could reference it -- but the differentiation is, is how we've leveraged our asset management mechanism and included the climate risks. And it's the same process -- we deal with many, many risks in our company; climate's one of them -- by utilizing the same foundational tools, and that's why you don't see all of the climate risks outlined specifically in this report, because we're integrating that with load risks, reliability risks, your other generic environmental risks inside the asset management mechanism.

Q. In doing so, and in the way you presented this plan, would you agree with me that it's not transparent to the Board or anyone else where you've identified vulnerabilities, what those are, and what the potential mitigation measures might be to deal with those?

A. (Macintosh) In the -- what you describe in a comprehensive every single climate risk, no, we have not done that within this plan.

Q. Well, for here, for Tufts Cove, for example, you've identified -- you haven't identified every risk, you've identified sea level and storm surge as particular examples. I assume that's because of the particular vulnerability of this particular asset. But you've not gone the next step and identified what the potential mitigation measures may be to address those.

A. (Macintosh) Not within this plan. And the company has brought forward a capital item for shoreline refurbishment at Tufts Cove that incorporates some of the sea level rise risk.

<u>THE CHAIR:</u> Mr. Goodine, could we go to page 61, please?

<u>MR. CLARKE:</u> Mr. Chair ---

<u>THE CHAIR:</u> Yes.

<u>MR. CLARKE:</u> I don't mean to interfere with your questioning, but perhaps at an appropriate time for you we could take the morning break.

<u>THE CHAIR:</u> Yeah, we're -- I don't have too much longer, but we are a little over time so it's probably an appropriate point to stop. Let me just finish this last question and then we can break for 15 minutes.

MR. CLARKE: Sure. It's your call.

THE CHAIR: No, no. Thank you.

BY THE CHAIR:

Q. The last paragraph on page 61 is what I'm looking at. So this paragraph says:

> As shown in Figure 5.1, risk mitigation options are brought forward in two main streams. The first is through asset reliability teams who bring forward high-risk assets identified with possible mitigation options. In the second stream, capital engineering resources from Operations will communicate an asset requiring mitigation.

This seems to talk about future processes; is that fair?

[11:10:02] **A.** (Macintosh) I would say it's not future. This is how we're currently operating today. But I get your point that maybe the wording could be modified. But this is current practice.

Q. Okay. And again there's nowhere

in this plan where specific high-risk assets are identified with possible mitigation options noted?

A. (Macintosh) Not within this document, but inside the climate adaptation process and the plan there is the Climate Adaptation Management System, as I referred to, which is the detailed database of our climate risks attached to those assets.

Q. Okay.

THE CHAIR: So it's probably a good time here. it's 10 after 11:00. And we'll resume at 25 after 11:00.

--- Upon recessing at 11:10 a.m.

--- Upon resuming at 11:25 a.m.

JONATHAN MacINTOSH, Resumed:

CRAIG FLEMMING, Resumed:

BLAKE WILLIAMS, Resumed:

MICHAEL WILLETT, Resumed:

DRAGAN PECURICA, Resumed:

THE CHAIR: Mr. Goodine, could you

bring up the Hydro-Québec Climate Plan?

QUESTIONS FROM THE CHAIR, (Cont'd)

Q. Mr. MacIntosh, I assume you're familiar with this. It was the example that the Board referred to, or one of the examples the Board referred to in its decision in Nova Scotia Power's last GRA, when it directed Nova Scotia Power to prepare a climate plan?

A. (MacIntosh) Yes, I'm familiar.

THE CHAIR: Okay. And Mr. Goodine, if we could go to page 3, please?

Just looking first at the index for the particular plan and under "Part 2: Strategies" we see that Hydro-Québec in this plan has areas of focus involved in design.

THE CHAIR: And if we could scroll down to the next page, Mr. Goodine?

BY THE CHAIR:

Q. Operations, Power Outages and Impacts on Assets, Worker Health and Safety. You see that?

A. (MacIntosh) Yes, Mr. Chair.

Q. And just from looking at these, it appears to be broader in scope than the document that Nova Scotia Power submitted to comply with the Board's directive. Do you agree?

A. (MacIntosh) Yes, I would agree that the elements for Worker Health and Safety are not included in our Climate Adaptation Plan. They are in other parts of our business.

Q. And in terms of operations, we see here in the Hydro-Québec one, Nova Scotia Power's plan really focuses on capital asset management. There's not much in the plan that discusses operations, is there?

A. (MacIntosh) Yes, there is, Mr. Chair. I think it may be helpful to go to Figure 5.2 ---

Q. Sure.

A. (MacIntosh) --- back on our Climate Adaptation Plan. Talk about the asset management mechanism.

So Nova Scotia Power capital investment ---

Q. Just let us get there first.

A. (MacIntosh) Sure. Sure.

THE CHAIR: So it's Exhibit 5.

BY THE CHAIR:

Q. And 5.2 is the figure you're looking for?

A. (MacIntosh) Yes, sir.

Q. There we go.

A. (MacIntosh) Zoom in on that, please.

So this is a picture depicting Nova Scotia Power's asset management mechanism as part of an asset management system. And the top right-hand corner there is the mitigating measures. So for any risk that we have, physical asset risk we have in the business, capital investment is the last option that we would choose. If we can mitigate that risk through such as operational restrictions or changes to our maintenance strategy, which would include operating practices, looking at different monetary design, but they would not just be capital mitigation measures included in our asset management mechanism.

So for example, some of that climate data that we would have produced to help us with our hydro system, we would look at operational restrictions on hydro, not a capital investment on hydro, for example.

Q. Okay. Thank you.

THE CHAIR: So, Mr. Goodine, if we could go back to the Hydro-Québec plan? If we can go to page 27 in the PDF, please?

BY THE CHAIR:

Q. And so Mr. MacIntosh, this talks about the approach that Hydro-Québec took to preparing their plan. They did it as what they called a two-phase approach. And you'll see in the bullets there, The first phase consisted of compiling a list of climate change risks that could affect Hydro-Québec's assets and activities...

Fair to say that it's pretty clear reviewing the plan that Nova Scotia Power presented, you also completed a phase that was comparable to that?

A. (MacIntosh) Yes.

Q. The second phase focused on establishing Hydro-Québec's action areas, identifying potential adaptation measures and determining what actions to take to mitigate these risks...

I'm going to suggest to you that Nova Scotia Power did not present that information in its plan?

[11:30:01] **A.** (MacIntosh) Nova Scotia Power presented the methodology of how it would undertake. As I mentioned, the details behind each one of those climate risks and asset risks are allocated in the Climate Adaptation Management System. So just to restate that, we have done it. Nova Scotia Power -- the reference there to the Canadian Electricity Association in 2017 on the Climate Adaptation Framework and Plan, Nova Scotia Power was one of the founding members that drove that eight-step process with Electricity Canada now.

THE CHAIR: Mr. Goodine, if we could go to page 60?

BY THE CHAIR:

Q. So in the Hydro-Québec plan, they provide a series of fact sheets for each action area that they identify. Do you see that?

A. (MacIntosh) Yes, I see the reference.

Q. And they've broken those down into four particular categories.

THE CHAIR: And if we could go on to the next page, please, Mr. Goodine?

BY THE CHAIR:

Q. And here they have an example of a fact sheet and what they provide in the plan. So it talks about describing the impacts on Hydro-Québec activity or asset, providing further information for context, listing the actions to address the particular issue and the potential adaptation measures, and identifying any challenges to overcoming -- mitigating those risks. That's sort of the outline of their fact sheet?

A. (MacIntosh) Yes.

And if we could review one in particular, if we could go to page 72?

This is their fact sheet for wood pole optimization. And again, they talk about -- they've got a description there of their wooden poles and talk about the service life, the impact of rising temperatures, and the migration of habitat for woodpeckers and ants, as that changes and how that might impact on the poles. It gives further information. They provide a bit of background.

THE CHAIR: And if we go on to the next page, Mr. Goodine?

BY THE CHAIR:

Q. It's got potential adaptation

measures that could be undertaken relating to those particular poles, challenges that will need to be overcome, including work loads and pressure on crews, and that sort of thing.

THE CHAIR: And then if we go on to the next page, Mr. Goodine?

BY THE CHAIR:

Q. And it includes specific action items, implementation status, and comments on progress to meeting those particular measures.

Now, Nova Scotia Power's plan that's presented doesn't contain anything like that for readers to understand what the plan actually is, does it?

A. (MacIntosh) No, it does not.

Q. Why not?

A. (MacIntosh) The information that would be included, we could produce these same fact sheets from information from the Climate Adaptation Management System, which is the program database, but to your point, we did not include it in the overview.

Q. But that is something you could do, based on the work that you've done?

A. (MacIntosh) Yes, sir.

Q. Okay. I'm not sure who to aim this to, Mr. Williams, so I'll fire it at you and you can deflect as needed. But legislation that created the Energy Board allows the Board to adopt an alternative form of regulation, which it defines as performance-based regulations, including earning sharings, price caps, price indexing, formulas, ranges of authorized rates of return, and variations on regulatory requirements. And that's now also embedded in the *Public Utilities Act* as well. Are you familiar with that?

A. (Williams) Generally, yes, sir. I was just attempting to bring up the Act so I have the language before me myself.

Q. Well, we can probably do that, if you want to, or...

A. (Williams) I don't know where exactly you're going. I was ---

Q. My question ---

A. (Williams) Just as a frame of reference for myself.

Q. Yeah, so the question is, is there any reason why Nova Scotia Power's next rate application shouldn't set a base for a multiyear formula-driven performance-based rate?

(SHORT PAUSE)

MR. WILLIAMS: So I'll start, sir, by saying I think it's a great question. I think to maybe take it in two parts what I'd heard, and if I'm -- if I heard it incorrectly, then please correct me.

But in terms of a multiyear rate proposal, and then one that's based on performance-based rates, and I'll talk about it into two different manners like that. I think -- is that how you...

Q. Well ---

A. (Williams) Maybe I'll get you to ask it again, then, sir.

Q. So you currently bring forward applications for more than one year. So in a sense they're already multiyear. I guess what I'm looking at is why -- is there any reason why it couldn't be a multiyear formula-driven performance-based rate?

A. (Williams) Yeah, and I guess when you say multiyear, you're meaning longer than two years; is that ---

Q. So Alberta and Ontario, for example, they -- is they set a base rate, and then it runs on the formula for four more years after that, and every fifth year, as I understand it, they reset the base. Any reason why we couldn't adopt that sort of a model?

A. (Williams) So I can speak to it. I -- certainly, I'm familiar with the Alberta model, and it applies to distribution utilities only. So I think that's an important distinction to recognize, that it --

when you're dealing with a vertically integrated utility, as compared to a distribution-only utility, the ability and the predictability of cost, the ability to forecast those costs over a longer period of time accurately and the appropriateness of doing so is a discussion to be had. I don't mean to say it could not happen or should not happen, but I think it's a worthy distinction of raising and drawing. So that's perhaps the first part of it.

I think what we've heard, certainly in this proceeding, and from customers, is about -- and the discussion Mr. Deveau and I had, is about the predictability of rates and the ability to understand the things on which rate increases would occur. So I think there's a -- there's certainly a discussion to be had that would be beneficial to better understand how we could improve where we are currently in terms of that predictability and providing people with that predictability, so I think that's an important part of the discussion as well.

When we talk about performance-based rates, and performance-based rates to a certain extent, it's a difficult discussion to have, it's a nuanced discussion on the stand to have because there's a number of different aspects to what is performance-based rates. And I think everyone's understanding of what performance-based rates are is not necessarily aligned because there's -- as I would view performance-based rates, you're talking about a number of different tools, and you know, however those tools are implemented or however many of those tools implemented you get to more of a situation where you are probably, truly performance-based regulation as opposed to elements of performance-based regulation. Obviously, we have performance standards here in Nova Scotia, so there is an element of performance-based regulation already here.

I think the effectiveness of performance-based regulation, and I'm not an expert on it, but from my experience in the past there is certainly fair questions to be asked about whether it is in customers' best interests because with performance-based regulation becomes less, it reduces the restrictions on earnings in some instances, depending on how you're implementing performance-based regulations.

So sir, going back I suppose to where I started the description, and it's I think one that is worthy of further discussion. I think as a takeaway principle from your question, though, greater predictability for customers is a good thing, and if we can do something to help with that or increase that predictability, then that's a worthy discussion.

Q. In terms of various flavours of PBR mechanisms that you might have, your concerns about forecasting accuracy over a long term, you'd be familiar, of course, that many of those mechanisms include offramps and things like that to account for significant unforeseen variances?

A. (Williams) Yes, and things like

capital trackers and those types of mechanisms. And again, that's kind of where I was going with -- you know, there's a number of different tools, and it depends on how many of them you implement and how you implement them that really is -- drives the outcome of how effective PBR can be for different jurisdictions.

[11:40:03] **Q.** And at least in theory, in terms of the ability, potentially, to expand earnings for Nova Scotia Power, that's generally linked to the performance so that if you drive costs out of the business you may end up earning more. Is that correct?

A. (Williams) Yes, I think that's the ---

Q. It's the intent.

A. (Williams) That's the -- yeah, yeah. I mean, that's not something I'm certainly advocating here in terms of growing earnings, I'm just following your discussion.

Q. Sure. And those are particularly

-- those are generally capped, though. You know, there's not an infinite opportunity to grow earnings under those mechanisms. There's -- there’s bands, and there’s sharing mechanisms, and so on.

A. (Williams) Yes, and there's usually tiers of sharing. But there are -- again, these are all different tools that can be implemented differently, and to a certain extent, once you get to a certain level, you're triggering a rebasing, so that would be the ---

Q. Right. And generally something that's on a regular cycle like that would be more predictable than where things currently are?

A. (Williams) I think something that is on a -- whether something like that or something different that provides more predictability and provides a more regular cadence, regular cycle. And certainly, you know, we haven't talked about, you know, formulaic components of that either, specifically, but those also can provide, maybe not more predictability in terms of outcome, but more predictability in terms of process.

Q. Those are my questions.

THE CHAIR: I'll just go around to see if there's anything arising from Board questions.

Consumer Advocate?

MR. ROBERTS: Nothing.

Thank you.

THE CHAIR: Small Business Advocate?

MS. MacADAM: No questions.

Thank you.

THE CHAIR: Industrial Group?

MS. RUBIN: Nothing for the Industrial Group.

Thanks.

THE CHAIR: Municipal Electric Utilities?

MR. MacDUFF: Nothing.

Thank you, Mr. Chair.

THE CHAIR: Nova Scotia Department of Energy?

MR. BOYLE: Nothing.

Thank you, Mr. Chair.

THE CHAIR: Port Hawkesbury Paper?

MR. MacDOUGALL: Yes, a few questions, Mr. Chair.

THE CHAIR: Sorry; just while you're setting up, I forgot to mark that Hydro-Québec document as an exhibit, so I'm going to just do that now. It will be Exhibit N-62.

--- EXHIBIT NO. N-62:

Hydro-Québec Climate Plan

THE CHAIR: Go ahead, Mr. MacDougall. Whenever you're ready.

MR. MacDOUGALL: Thank you.

FURTHER CROSS-EXAMINATION BY MR. MacDOUGALL

Q. Good morning, panel. Just a couple of clarification questions on some numbers.

MR. MacDOUGALL: If we could pull up Exhibit N-27, IR-42, Mr. Goodine. And if we could just scroll up a tiny bit. No, I'm sorry; when I mean "up" the other way just a tiny bit.

MR. GOODINE: Down?

MR. MacDOUGALL: Down. So just get the chart on one page again, Mr. Goodine, that'll be fine.

MR. GOODINE: Do you want the whole chart?

MR. MacDOUGALL: Yeah, yeah. Perfect. Awesome. Great, thank you.

BY MR. MacDOUGALL:

Q. Just on some of these numbers, gentlemen, I just want to kind of get clear on a few points. For the 2024 compliance, that NS Power total, 2,115, that would include all of your System Operator employees, including the 22 who would be forecast in 2026 to have moved; correct?

A. (Flemming) Mr. MacDougall, I can't speak to the specific employees and position numbers being included in that 2024 compliance filing. I can, however, note that that function generally would have been included in 2024 compliance budget.

Q. The full function would have been included in the 2,115?

A. (Flemming) Correct.

Q. And in the 2,62,2 my understanding is that includes a forecast of 22 employees removed; correct? It doesn’t include the full complement of the ---

A. (Flemming) That’s correct. It’s happening in two phases yes.

Q. Yes.

A. (Flemming) And so the phase one employees -- phase one that was forecast to be moved, yes, that is -- that would have been removed, yes.

Q. The 22 would have been removed. And, in fact, you actually said 19 actually moved.

A. Nineteen (19) is the actual number, yes.

Q. That's the actual number. But the forecast number, the 2,622, includes the forecast of 22 having been removed?

A. (Flemming) Nineteen (19) employees in system planning and three on the control side, I believe, yes.

Q. Okay. Thank you.

But those 22 employees, ratepayers will still have to pay their costs as part of the revenue requirement for the Nova Scotia Independent System Operator; correct? The employees that have been moved. They're no longer with you but they're still part of the system and presumably they will be in the revenue requirement for the Nova Scotia System Operator?

A. (Williams) That's correct. My only hesitation was just on the -- what was in forecast and what actually moved.

Q. Yeah.

A. (Williams) So only what actually moved would be paid for.

Q. Agreed. Okay, great. Thank you.

And then if we can look at customer operations and energy delivery, from '26 to '27 you're showing 32 employees less. Is that mainly the other tranche of IESO employees being moved?

A. (Flemming) That would certainly be the largest contributor to the reduction.

Q. And those employees also once moved are still part of the overall system and would be part of the IESO Nova Scotia's revenue requirement; correct?

A. (Williams) That's correct.

Q. Thank you.

And with respect to just one other area, items like the Climate Change Adaptation Plan, in the Settlement Agreement where the parties agreed to the outcomes of the settlement, that didn't include agreement, for example, with the Climate Change Adaptation Plan, per se?

A. (Williams) I would agree with that, Mr. MacDougall. The wording was intended to specific to the outcomes with the Climate Adaptation Plan not being an outcome but being filed to fill a Board directive, a Board requirement.

Q. Great. Thank you very much, Mr. Williams.

A. Thank you.

MR. MacDOUGALL: Those are all my questions, Mr. Chair.

THE CHAIR: Thank you, Mr. MacDougall.

Did I miss anyone before going to

Board counsel?

Mr. Mahody, anything?

MR. MAHODY: Nothing arising, Mr. Chair.

Thank you.

THE CHAIR: Okay. We have a conflict -- sorry? We're not done. Don't get ahead, Mr. Clarke.

MR. CLARKE: Thank you as always, Mr. Chair.

THE CHAIR: We need to do a confidential session, although I don't think it's going to last a long time, is my understanding. I think it's just Mr. Murphy -- Board Member Murphy that has questions.

Are there any intervenors that have confidential questions?

Oh, and Board Member Deveau does as well.

So we'll break to set that up.

Just a reminder for anyone who's

participating remotely, the public feed will be shut down while we -- for the duration of the confidential session. Those who are viewing remotely and are authorized to have access to the confidential information will need to relog on to the new session using the confidential link for that that has been provided.

In terms of timing, my proposal is this; my estimate is we'll shut the public session down and go into the confidential session, complete that. That will likely take us to around about 12:30. I'm proposing, just to give the folks who are tuning in publicly, some certainty that we take our lunchbreak at that point in time and set a time of 1:30 to come back and reconvene the public session.

MR. CLARKE: That's fine. I'm just -- in terms of the mechanics, Mr. Chair, 12:30 would you foresee that this panel would be released?

THE CHAIR: It would be, yes.

Okay. Mr. Mahody?

MR. MAHODY: Mr. Chair, just one point. In advance of this panel being released, in the event that occurs at the end of the confidential session, Nova Scotia Power has provided Board counsel with Undertaking U-12, the model, in Excel form, which I thank them for. I would ask, as I think has been offered, that NSP put that on the public record as well, the Excel version of the model that's the response to U-12.

MS. POWER: We have no issues with that. But the Excel version was filed, it just didn't have the formulas visible. So we do have a revised copy. We will make that change.

THE CHAIR: But the public -- there'll be a PDF version of that or something in the public version as well?

MS. POWER: We can PDF it. It would hard coded cells of course.

THE CHAIR: Yes.

MS. POWER: They wouldn't see the

formulas. But, yes, we can do that, Mr. Chair.

THE CHAIR: Okay. Thank you.

MR. MAHODY: Thank you, Mr. Chair.

THE CHAIR: Okay. So we'll disconnect from the public session now, clear the room of anyone who's not authorized to access the confidential information, and reconvene in the confidential session in a few minutes. Thanks.

--- Upon recessing in public at 11:51 a.m. to resume *in camera*

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
Monday, January 12, 2026