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 B

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

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Mr. Geoffrey Breen, Counsel
Mr. Blake Williams, Senior Director, Regulatory Affairs

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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

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Ms. Brianne Rudderham, Counsel

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Halifax, Nova Scotia

--- Upon resuming at 1:31 p.m.

THE CHAIR: Okay. Welcome back to the public session. We're going to begin the examination of the Board counsel witness panels beginning with Doane Grant Thornton.

I see Ms. Brown and Mr. Griffiths on the screen. Are you able to hear me?

I don't think they can.

(SHORT PAUSE)

MR. MAHODY: Thank you, Mr. Chair.

Board counsel presents Angie Brown and Barry Griffiths from Doane Grant Thornton and asks that they be affirmed.

ANGIE BROWN, Solemnly Affirmed:

BARRY GRIFFITHS, Solemnly Affirmed:

EXAMINATION ON QUALIFICATIONS BY MR. MAHODY

Q. Ms. Brown and Mr. Griffiths, can you confirm that you filed evidence in this matter that has been marked as Exhibit N-33?

A. (Brown) Yes.

Q. And that you've submitted CVs outlining your professional qualifications and experience and those CVs have been marked as Exhibit N-42?

A. (Brown) Yes.

A. (Griffiths) Yes.

Q. Could I have each of you, please, provide the Board with a brief outline of your professional qualifications and experience?

A. (Brown) I'm a Chartered Professional Accountant and a certified internal auditor. I've been working with Doane Grant Thornton for about 17 years full-time, 19 years in total if you include my work terms. And there's a brief synopsis of my background and expertise on the screen in front of us.

A. (Griffiths) So Barry Griffiths. I've been working with the firm since 2008. Since that time, I've been providing consulting services to utility regulators. My expertise is also on the page right now with various expert reports filed throughout the years with different regulators throughout Atlantic Canada.

Q. And in the appearances that are noted on each of your Statement of Qualifications and Experience, on each of those occasions was your evidence accepted as expert evidence in those appearances?

A. (Griffiths) Yes, it was.

A. (Brown) Yes.

MR. MAHODY: Mr. Chair, I would ask that Ms. Brown and Mr. Griffiths each be accepted as an expert qualified to give opinion evidence regarding utility revenue requirement, utility OM&G and regulatory amortization and taxes.

THE CHAIR: Any questions on qualifications or objections?

Okay. They're so qualified, Mr. Mahody.

MR. MAHODY: Thank you.

DIRECT EXAMINATION BY MR. MAHODY

Q. Ms. Brown and Mr. Griffiths, are there any corrections required to your report as Exhibit N-33?

A. (Brown) No.

Q. Are the facts on which your opinion based true and accurate, to the best of your information and belief?

A. (Brown) Yes.

A. (Griffiths) Yes.

Q. And are the opinions your own?

A. (Brown) Yes.

A. (Griffiths) Yes.

MR. MAHODY: Thank you.

Mr. Chair, the Doane Grant Thornton panel is now available for cross-examination.

THE CHAIR: Did anyone have questions for these witnesses other than the Board Panel?

Mr. Deveau?

<u>QUESTIONS FROM MEMBER DEVEAU</u>

Q. Good morning, panel.

A. (Griffiths) Good morning.

Q. How's the weather in St. John's this morning -- or this afternoon?

A. (Griffiths) Wet and cold, as usual.

Q. Usually it's rain, drizzle and fog, isn't it? Isn't that the --

A. (Brown) Yes.

Q. Okay. I just have a few questions for you.

First of all, I'll ask you some questions about your review of operating, maintenance and general expenses cost. It's a fairly general question.

<u>MEMBER DEVEAU:</u> Jeff, could you bring up N-33, and it's -- I'm always one off here. I think it's PDF page 6. Yeah.

So could you blow up that Procedures

2.2?

BY MEMBER DEVEAU:

Q. So -- or perhaps -- before we go there, actually, go to PDF page 3 first. And so at line 8 there it says, "Our review was carried out in accordance with the following Terms of Reference".

And the second point there said:

> Review NSPI's operating, maintenance and general costs (OM&G), including labour, materials, contracts, pension costs, insurance, membership dues, subscription costs...

I'm getting a sound probably from your side. Is there something rubbing against a microphone there? No? Okay.

Can you hear me?

A. (Griffiths) Yes.

A. (Brown) I just changed to a different device. Is that better?

Q. Okay. Yes. Yeah, it sounded like it was rubbing against something.

Okay. So review of NSPI’s OM&G costs:

> ...including labour, materials, contracts, pension costs, insurance, membership dues, subscription costs, office supplies, travel and meals expense.

And then we’ll go to the next page, 2.2 -- or actually it’s a few pages down. Right there, 2.2. So you say there:

> Our procedures with respect to Nova Scotia Power’s revenue requirement calculations were focussed on the assessment of the reasonableness and accuracy of the calculation, the reasonableness of the underlying assumptions including support for those assumptions, and the internal consistency between financial schedules included in the September 2025 filing. In particular, the procedures we performed included the following: Recalculated revenue requirement to determine the mathematical accuracy of the financial schedules; Reviewed Nova Scotia Power’s forecast methodology for components of the revenue requirement calculation including expense categories; and Reviewed the September 18, 2025 GRA filing for internal consistency (revenue requirement components including operating expenses).

[1:40:10] So I had a couple of questions on that scope. In terms of the Section 2.2, it says -- in the second line, line 18, it said you reviewed the reasonableness of the underly assumptions including the support for those assumptions. But when we're talking OM&G expenses part of the Application, what do you mean by you looked at the reasonableness of the underlying assumptions?

What did you mean by that? What assumptions are you referring to?

A. (Brown) So essentially, what we did is we took the model that would have been used or the calculations that would have been included in the General Rate Application and, for areas where that calculation was based on a particular assumption, say the inflation rate or the details from the Conference Board Canada materials.

We did check those assumptions to make sure that they were well supported by that underlying evidence. So, you know, there might be rounding errors or some difference or discrepancy in that regard, but we were checking each component of the calculation to ensure it tied to what the underlying support said.

Q. Okay. And when you said the second bullet there, "Reviewed Nova Scotia Power's forecast methodology for components of the revenue requirement calculation including expense categories", what did you mean by that? Reviewed their forecast methodology for components of the revenue requirement? Again, especially -- in particular with respect to OM&G costs.

A. (Brown) So their overall forecast methodology is a bottom-up budgeting approach. So we did a review to make sure that that was consistent in the actual calculation.

So when they described that approach, that is what we observed. We were looking for those calculations to be performed in accordance with the underlying supporting information and not just a prior year times an increase, so to make sure that those steps in the methodology were calculated as described by Nova

Scotia Power.

Q. Okay. And is that sort of -- is that included in what you mean by the third bullet there, "reviewing the filing for internal consistency"?

A. (Brown) Yeah. So throughout the Application, there would be several other supporting schedules, so we were looking throughout the entire Application to ensure that it was all internally consistent. So if they were talking about, you know, labour costs as an example in one area of the Application, that that information carried throughout the Application and was accurately reflected in all tables.

Q. Okay. So in terms of the forecast methodology, you checked that -- I don't want to put words in your mouth -- but they weren't just applying just sort of percentages across the Board or -- you were actually asking them their methodology, as you mentioned, they mentioned bottom-up -- you were looking at their methodology and looking at whether the resulting requested costs were reasonable or consistent.

A. (Brown) Yes, that's correct. At least consistent with their description of their methodology and the underlying assumptions.

Q. Okay. So in terms of those assumptions, you didn't conduct an organizational review or any exercise like that, did you?

A. (Brown) No, we wouldn't have independently verified a particular assumption. So if Nova Scotia Power put forth their own expert evidence or their own assessment of what the full-time equivalent might be for a particular department, we would have accepted that information as being factual and ensured that it was calculated in the revenue requirement in accordance with that information.

Q. Okay. So if they told you in a particular department they needed 15 more people, provided they had indicated that and it was not inconsistent with something else they had asked for somewhere else, you're prepared to accept their assumption as fact.

A. (Brown) Yes, we were focused on recalculating and the methodology, not just the mathematical recalculation. We weren't looking for the prudency, whether or not there should have been 15 people added to that department.

Q. Okay. So you didn't do an analysis of whether there was a more efficient way to deliver the same service or the same -- yeah, the same service or the same operation for a more efficient cost.

A. (Brown) That's correct. We wouldn't have looked for efficiency savings.

Q. Okay. And didn't look at the reasonableness of the costs from the perspective of delivering on strategic or organizational goals.

A. (Brown) No, we wouldn't have undertaken that analysis.

Q. Or the delivery of performance metrics that may apply to them.

A. (Brown) No, that's correct.

Q. Okay. So let's go to the last part of the operating and maintenance expenses, PDF page 41. In the conclusion.

So there, line 22:

> We have reviewed the operating expenses included in Nova Scotia Power's ['24] actuals, ['24] Compliance, ['25] Budget, ['26] Forecast, and ['27] Forecast. Our procedures included performing analytical procedures with respect to financial information in the Company's records, investigating variances, and reviewing the methodology and assumptions used in the OM&G forecast for reasonableness. We also reviewed the benchmarking study against the Company's peers, as completed by ScottMadden.

So in terms of that, that sentence or couple of sentences there, nothing any different from what you've previously indicated just now to me in my questions?

A. (Brown) No, no differences.

Q. Okay. And then you outlined the various variances there. So and they were set out in your report.

And then I'll go to the very last line, line 31:

> Based on our review, nothing has come to our attention to indicate ... the ['26] and ['27] Forecast for operating expenses are unreasonable on an overall basis.

So again, in the context of the questions I've asked you, can you just elaborate on what you mean by that?

A. (Brown) Sure. So what we meant by that sentence was that we had reviewed all the information that was filed as part of the evidence, including Nova Scotia Power's responses to our interrogatories, and we found nothing to be inconsistent throughout the information and what was included in the revenue requirement calculations.

Q. Okay. We'll move on to the EIFEL deferral. Do you know what I'm speaking about?

A. (Brown) Yes.

Q. So just a couple of questions. I

wasn't sure -- the Bill was enacted, but I just want to confirm if you know -- I don't think we knew exactly. They're going to provide us with an undertaking. But has that -- from what I understand, the -- it's a new tax rule coming into effect that will limit the amount of those types of expenses you can claim; correct?

A. (Brown) Yes, that's correct.

Q. So the Bill has been enacted, but am I right that it hasn't been passed yet? It's not in effect? It hasn't been in effect for any taxation year?

A. (Griffiths) My understanding -- we're not tax experts, but my understanding would be that it is effective, but the exemption that Nova Scotia Power is speaking of has not been finalized.

A. (Brown) So essentially, the information has been announced. The legislation which would guide how you adopt that change has not been produced. So you're in an interim period between a change being announced but the guidance on how you can implement that, which is why I believe Nova Scotia Power hasn't been able to provide a fulsome answer to that question.

Q. So are companies expected to comply with it now, or -- because it's already been in effect, I think, for -- well, it came into effect in '24, but would companies have been expected to apply that limitation in '24 and again in '25?

[1:50:00] **A.** (Brown) Yes, my understanding would be that that particular requirement is retroactively being applied. So the company would be required to comply with it for a period even prior to it being announced.

It's just the issue around how you actually do that is uncertain in this interim period until the legislation is completely disclosed and the information on how you would apply those regulations are transparently discussed with the public.

Q. Okay. So those -- so that's a limitation itself.

Now, to -- above that, CRA or

Department of Finance or whoever issues these updates, and we're going to get a copy of that, on August 15th -- it's either the 15th or 25th, August of 2025, issued an update that there is -- there will be an exemption for regulated utilities. And then I think Mr. Flemming indicated that it was also -- that intention was also indicated -- confirmed in the fall economic outlook that came out before Christmas. So what -- for people who practise in the field, how are any -- how is any company to deal with that sort of situation where CRA's telling you you're going to get an exemption but it's not been passed yet, or...?

A. (Brown) Yes.

Q. I'm just looking -- because they're asking for a deferral, so I'm just looking at the reasonableness of whether that -- whether or not that limitation ---

A. (Brown) So I would share with you, and I appreciate that this sounds a little bit odd based on the way the information is being disclosed, but it's not uncommon that a tax change would be announced and reconfirmed in an economic update by the federal government and then the companies themselves to not have clear guidance on what that particular line in an economic update means.

So when that happens, what the companies typically do is they would take their best estimate of what that change means for them and they would account for it on that basis until such time they have other information that would suggest that's not the appropriate treatment.

So in this instance, I believe that Nova Scotia Power requesting the deferral is because that's the best information they have at this point in time, and should further guidance be provided in 2026 that changes that treatment, they would deal with that at that point in time. But for right now, the assumption is that regulated utilities are exempt.

That has been confirmed twice as you've described it, in August and again in December of 2025, and that's the best information that the company would have at this point in time.

Q. Okay. So that's why they hire people like you to deal with CRA, I suppose.

A. (Brown) Yeah, to interpret it in the interim period and then to defend your position if you didn't get that right when you interpreted it.

Q. Okay. Next we'll look at your -- we'll look at your report, N-33, and it's about the Part VI taxes, PDF 46. Right at the bottom of the page.

So there, talking about Part VI taxes, it says:

> We also noted the inclusion of Part VI.I taxes as a deduction to arrive at taxable income in Part VI taxes as an increase to arrive at current income tax expense before adjustments. We requested detail from the company on why Part VI taxes would be included in regulated income taxes when directed by the Board in the GRA decision to exclude them.

And when you referred to the GRA decision there, you meant the 2022-2024 decision ---

A. (Griffiths) Yes.

Q. --- where the Board made a direction there to exclude them?

A. (Griffiths) Yeah.

Q. And actually, perhaps you said it there, but let’s go right to the source.

It would be -- the information request there is in Exhibit N-23, IR-63. You basically said it again in your report, but I just want to go directly to the source.

So you asked them -- this is a Grant Thornton information request from Nova Scotia Power:

> Why are Part VI.I tax deductions included in regulated income taxes when directed by the Board in GRA decision to exclude them?

And they said that the deductions and taxes in the ’25 bridge year and ’26-27 test years:

> ...relate to Nova Scotia Power’s preferred share dividends and do not relate to Part VI

tax deductions from Emera, which were specifically directed by the Board in the GRA decision to be excluded.

And my question to you is, were you satisfied with that answer? I'm not -- didn't quite get a -- I didn't quite get from your report whether you were satisfied with that answer or not. Are you satisfied with that answer?

A. (Brown) So I guess if the process allowed for a follow-up question, I likely would have asked the utility to produce the support. It appears to me that maybe there was something mislabelled because their table certainly did reference Part VI tax. Now, their response does clarify that it is, in fact, not Part VI tax.

So if their response means there was an issue with the labelling, then I certainly would accept that response as being accurate, but you may wish to review their undertaking that they've agreed to provide to ensure that, in fact, it is not Part VI tax.

If the undertaking would suggest that it is Part VI tax that's being included, then there ought to be an adjustment to the calculation.

Q. Yeah. We've asked in Undertaking U-16 why the preferred share dividend amounts can't be excluded from regulated financial statements.

Okay. So we'll follow up on that. Thank you.

And then just the last question is just a general question. You're aware of the -- you've mentioned in your report about the CRA tax litigation that's going on with them and seems to have ---

A. (Griffiths) Yes.

Q. --- gone on for a long time. And it may still be going on for a little longer.

Just from your experience, is that timespan consistent with the way these things work their way through Tax Court of Canada, in terms of length?

A. (Brown) Yes. I appreciate that

it's been ongoing for quite some time. I will say that that is not uncommon. We do have other clients that would have matters before that process that take many years to work down through, and it is extremely difficult to predict when that matter might actually be called.

It takes a tremendous amount of time to even get a date for when your issue's going to be reviewed.

Q. Okay. And in terms of when certain years are decided, that would normally -- if the circumstances aren't quite the same or very close, would it be common for a similar result to happen in the -- for other years as well and for other appeals?

A. (Brown) Yes, that's right.

Q. Okay. So once the first one's resolved, it should resolve itself out going forward.

A. (Brown) Yes, that's correct.

Q. Okay. Thank you very much.

<u>THE CHAIR:</u> So Mr. Goodine, if we could scroll back up Exhibit N-33, please, and go to PDF page 10.

QUESTIONS FROM THE CHAIR

Q. Okay. As I understand it, in this part of the report you're talking about the review of operation, maintenance, and general costs and there's a section here that talks about forecasting uncertainties. And you outline the methods the company uses to decrease uncertainty associated with multiyear forecasts.

[2:00:00] Just looking at the multiple levels of review, you say:

> This is considered an inherent part of Nova Scotia Power's process for preparing General Rate Application forecasts. As part of this process, department leaders must justify the requirements for their operating budget, required sensitivity analysis and alternative approaches to delivering their required level of service to customers as discussed and, if determined to be required, adjustments are made to OM&G budgets to provide customers with improved value.

My question is, did you review any of the noted sensitivity analysis or alternative approach discussion documents?

A. (Brown) No. So Nova Scotia Power

did not include the alternative approaches as part of the information that was submitted with the General Rate Application. I am aware that they would have performed the sensitivity analysis, but the only information that's been presented in response to our IRs or in the Application itself is the final position of the utility.

Q. Thank you very much.

THE CHAIR: Anything arising from Board Panel questions?

Consumer Advocate?

Small Business Advocate?

Industrial Group?

MS. RUBIN: No questions.

THE CHAIR: Municipal Electric Utilities?

MR. MacDUFF: No questions.

THE CHAIR: Department of Energy?

MR. BOYLE: No questions.

Thank you, Mr. Chair.

THE CHAIR: Port Hawkesbury Paper?

MR. MacDOUGALL: No questions, Mr. Chair.

THE CHAIR: Did I miss anyone other than Nova Scotia Power?

Nova Scotia Power?

MR. CLARKE: No questions.

THE CHAIR: Ms. Brown, Mr. Griffiths, thank you very much for your participation in this proceeding, your report, and your testimony today. Appreciate it.

MS. BROWN: Thank you.

MR. GRIFFITHS: Thank you, Mr. Chair.

MS. BROWN: Take care.

THE CHAIR: Okay. Mr. Mahody?

MR. MAHODY: Thank you, Mr. Chair.

Board counsel would next call Dustin Madsen of Emrydia. I understand that it may take him a moment just to log on. There we go.

Good afternoon -- good morning to you, Mr. Madsen.

MR. MADSEN: Good morning. Can you hear me?

MR. MAHODY: I can hear you now.

Mr. Chair, could I ask that Mr. Madsen please be affirmed?

DUSTIN MADSEN, Solemnly Affirmed:

EXAMINATION ON QUALIFICATIONS BY MR. MAHODY

Q. Mr. Madsen, could we begin by confirming that you filed evidence in this matter that's been marked as Exhibit N-34?

A. Confirmed.

Q. And as part of your pre-filed testimony you've included DMM-1, which has been marked as Exhibit N-(i), which presents a detailed history of your professional qualifications and experience?

A. Yes, it is.

Q. Could you please provide the Board, Mr. Madsen, with a brief outline of your professional qualifications and experience?

A. Certainly. I am the President of Emrydia Consulting Corporation. I am a Chartered Professional Accountant and Chartered Accountant registered in Alberta, as well as a U.S. CPA. I hold this Certified Depreciation Professional designation with the

Society of Depreciation Professionals, and I am the current president of the Society. I’m also a certified rate of return analyst with the Society of Utility Regulatory Financial Analysts. I received my Bachelor of Commerce at the University of Saskatchewan with great distinction.

Prior to my consulting career, I was a senior auditor with Deloitte. Later I worked in many capacities at FortisAlberta, including simultaneously as the Manager of Budgets and Forecasting, Manager of Regulatory, and Manager of Tax, among other roles. Later I consulted for various entities, including AltaLink, a regulated entity acquired by Berkshire Hathaway Energy.

All of my consulting roles were in a regulatory capacity, and I prepared, filed, and defended entire applications, including general rate applications, cost of capital applications, and major deferral account applications seeking a billion in cost recovery.

Following those roles, I had a brief

consulting engagement with Berkshire Hathaway Energy. In that capacity I assisted the targeted acquisition efforts, including preparation of a comprehensive evaluation model to support acquisitions of regulated utilities in the industry. I continue to have clients that are regulators, staff, intervenors at utilities.

Finally, I have a passion for teaching, and I have taught accounting courses, regulatory finance courses, and present frequently at industry conferences, including now it seems to be like on an annual basis, I suppose, for the Society of Depreciation Professionals.

I'm a former experienced facilitator with the Chartered Accountant School of Business, represented on regulatory issues before the Canadian Institute of Chartered Accountants, and was a former teacher with IA Seminars.

Q. Mr. Madsen, in your Statement of Qualifications that has been filed in this matter, have you outlined there over approximately seven or eight pages a listing of your various appearances before regulatory bodies in North America?

A. Yes, I did.

Q. And have you been accepted as an expert in the times in which you have appeared?

A. Yes, I have testified and been qualified in virtually every major regulatory or rate sitting issue there is where I am qualified to testify. I have testified before regulators in both Canada and the United States.

In Canada I have testified numerous times before the Alberta Utilities Commission, New Brunswick Energy and Utilities Board, and the Northwest Territories Public Utilities Board. I've also testified before the Manitoba Public Utilities Board, the Ontario Energy Board, and I'm scheduled to testify before the Quebec Regis in May.

I have also testified before U.S.

regulators, including those in the States of Arizona on numerous occasions, Mississippi on numerous occasions, New York on numerous occasions, as well as North Carolina, Ohio, South Carolina, and later this month Maryland.

MR. MAHODY: Mr. Chair, I would request that Mr. Madsen be accepted as an expert qualified to give opinion evidence regarding depreciation and securitization.

THE CHAIR: Any questions on qualifications or objections?

He's so qualified, Mr. Mahody.

MR. MAHODY: Thank you.

DIRECT EXAMINATION BY MR. MAHODY

Q. Mr. Madsen, are there any corrections required to your report that's been filed in this matter?

A. None other than spelling and grammar, and won't belabour the Board with those.

Q. Are the facts on which your

opinion is based true and accurate, to the best of your information and belief?

A. They are.

Q. And are the opinions stated in your report your own?

A. They are.

MR. MAHODY: Mr. Chair, Mr. Madsen is available for questioning.

THE CHAIR: I understand there may be some Intervenor questions for Mr. Madsen so I will go around.

Mr. Clarke, should I just assume you'd prefer me to call on you last?

MR. CLARKE: Ms. Power's going to be asking questions, and she'll go first.

THE CHAIR: Okay. Very good.

Ms. Power?

(SHORT PAUSE)

MS. POWER: Thank you, Mr. Chair.

CROSS-EXAMINATION BY MS. POWER

Q. Good morning, Mr. Madsen. I'm Jenn Power, counsel to Nova Scotia Power, and I'll be fairly brief today.

Your evidence is marked as Exhibit N-34, and there are 121 pages here in your written evidence. Is that the complete record of your written evidence?

A. There are also exhibits attached to the evidence, but yes this is the complete record of my written evidence.

Q. Thank you.

I want to go to -- staying in Exhibit N-34, PDF page 45, line 10, please. And there, Mr. Madsen, when asked whether ALG and ELG calculation methods are both acceptable procedures to use to recognize depreciation expense you state:

> Yes. Both ELG and ALG are used in North America and are also commonly employed and accepted by regulators in Canada.

Is that right?

A. That is correct.

MS. POWER: And just moving to the next page, please, Mr. Goodine, page 46 beginning at line 3.

BY MS. POWER:

Q. When asked about the pros and cons of ALG and ELG procedures you state:

> As discussed earlier it is impossible for any deprecation expert to conclude that one depreciation procedure will, with certainty, provide for a better and more accurate recovery of depreciation expense over the actual life of the assets.

Correct?

A. That is correct.

Q. Thank you.

[2:09:50] Now, I'd like to jump back to PDF page 21, please, and I'm looking at the second paragraph, lines 8 to 13, where you were asked to please confirm that altering the depreciation procedure does not alter the total amount of depreciation that is recovered over the full life of the assets, and you state:

Confirmed. Altering the amount of depreciation recovered by changing the depreciation procedure does not alter the total amount of depreciation that should be recovered over the life of the assets. This is why it is important to set the depreciation rate at a level that best reflects the actual use of the assets over their lives.

And my question for you, Mr. Madsen, is that when you gave that answer you were speaking strictly about book depreciation; correct?

A. That is correct. The amount of depreciation recovered over time -- well, let me just back up. Under ELG or ALG you'll have a different calculated book depreciation amount. However, that will differ from just at a point in time. The total amount of book or calculated depreciation recovered over the entire life of the assets under either ELG or ALG procedure will be the same.

Q. Understood, Mr. Madsen. And so that statement here about no new change in the amount of depreciation expense, that would not include the total revenue requirement paid by customers?

A. This is just speaking to the non-depreciation expense. That is correct.

Q. And Mr. Madsen, what does lowering depreciation expense do to the revenue requirement of a utility?

A. Lowering depreciation expense will reduce the amount of depreciation not covered in rates, which will increase the amount of rate base, which will increase return, which will also potentially have impacts on income taxes, which are somewhat varied, because depreciation is a tax addback. So your income taxes would likely be higher or lower under the ELG versus ALG procedures. Those are the bigger and broader impacts, I suppose.

Q. Thank you, Mr. Madsen. So the impact includes increased rate base and, I assume, financing expense as well?

A. That's correct. So in order to

support the rate base that you have, if you're collecting less of a rate base up front, then you will need to finance that balance with debt equity.

Q. Right. And you're being very clear, so excuse me if this is tedious, but deprecation expense is a component of accumulated depreciation, which is a reduction to rate base, right?

A. That is correct.

Q. So if you lower that depreciation expense, you don't get that reduction in rate base, and if you increase rate base, you increase the return required on rate base, is that right?

A. That is correct.

Q. Thank you.

A. Yes. All else being equal, a lower depreciation expense in the current year will result in a higher rate base in that year than would otherwise occur.

Q. Understood. Thank you.

So in your evidence, when you told the Board that changing depreciation procedure doesn't change the total depreciation amount recovered, you would not have incorporated the impact on rate base and therefore the impact on future financing cost, is that right?

A. That is correct. The sole purpose of my testimony is to provide a recommendation to the Board that gets depreciation right. There are going to be impacts, regardless of the depreciation procedure and depreciation model selected, but again, I am focusing first and foremost on ensuring that what I'm recommending is technically accurate.

Q. So you said technically accurate, but your evidence that I walked you through earlier said that it would be impossible to decide which method would actually produce the most accurate result?

A. It's impossible to predict or estimate that over the entire lives of the assets, that's correct. However, in my experience, the average life group method, particularly for electric utilities, tends to, not in ever case, but tends to provide a better indication of the useful lives of the assets and recovery of the related costs.

Q. And just looping back to where we were, can you just confirm once more that you did not quantify anywhere in your evidence whether switching to the ALG calculation method would increase total financing costs paid by customers?

A. I have begun to -- rather, I have done that subsequently. I've done similar analyses in the past. The problem with doing such an analysis is you require a significant number of assumptions. You require assumptions regarding growth; you require assumptions regarding the actual rate of return; you require assumptions regarding income tax impacts, timing of recovery of income taxes; you require various other assumptions around how those lives will change, whether or not there will be future updates to those lives. And that's just the tip of the iceberg. Trying to forecast and predict depreciation expense for an asset is probably -- is very difficult, if not impossible, to do with accuracy, but trying to forecast a broader level of cashflows is even more difficult, in my opinion.

Again, I've received a model from Gannett Fleming and I have taken that model and made modifications to it to incorporate a more realistic and reasonable forecast of ELG versus ALG, using Nova Scotia Power facts. And that would present the Board with one indication of that analysis, but again, it's just one indication.

Q. All right. And I understand there's a lot of assumptions that would go into it, but it is an accounting or financial truth that if you lower the depreciation expense, you don't get that reduction in rate base, and if you increase rate base, you increase the return required on rate base? Isn't that always true?

A. It is. However, going forward,

if you add new assets into the account and you have a growth rate that exceeds the rate of inflation, then generally speaking, what you're also going to see is an increase in depreciation expense that exceeds the increasing return on that incremental difference, largely into perpetuity.

Q. Okay. Last question, Mr. Madsen. Should the choice of method selected, both being entirely reasonable based on your evidence, consider the total cost for customers, including impact on rate base and overall financing cost?

A. First and foremost, I recommend that the Board determine which depreciation procedure and which lives provide the best recovery of the assets over their (inaudible due to audio cutting out).

Second, after making that determination, yes, the Board should consider what those impacts are, both currently and in the future, to other components of revenue requirement. That absolutely is something that should be considered by the Board.

Q. Thank you, Mr. Madsen.

MS. POWER: Those are all my questions, Mr. Chair.

THE CHAIR: Thank you.

Consumer Advocate?

Small Business Advocate?

MS. MacADAM: No questions.

Thank you.

THE CHAIR: Industrial Group?

MS. RUBIN: Can we just take a moment? We're just ---

THE CHAIR: Sure.

MS. RUBIN: --- crossing out questions.

THE CHAIR: Yeah, sure.

(SHORT PAUSE)

MS. RUBIN: Thank you. No questions.

THE CHAIR: Municipal Electric

Utilities?

MR. MacDUFF: No questions, Mr. Chair.

THE CHAIR: Nova Scotia Department of Energy?

MR. BOYLE: No questions.

Thank you, Mr. Chair.

THE CHAIR: Port Hawkesbury Paper?

MR. MacDOUGALL: No questions, Mr. Chair.

THE CHAIR: Anyone I missed?

Mr. Murphy?

QUESTIONS FROM MEMBER MURPHY

Q. Good afternoon, Mr. Madsen.

A. Sorry, good afternoon. I muted myself.

Q. No problem. Just a few questions for you, Mr. Madsen.

MEMBER MURPHY: Jeff, if you could call up Exhibit N-34, PDF page 22?

BY MEMBER MURPHY:

Q. This is your evidence, Mr. Madsen. Somewhere on this page, it's right at line 22, you state:

> In event, for the procedure to provide the best estimate of depreciation expense over the life of the assets, the actual retirement pattern of the assets would need to perfectly match the expected retirement pattern assumed in the selected Iowa curve. It is never the case that the actual retirement experience will perfectly match the expected retirements.

My question is, isn't -- doesn't that same statement really apply to the ALG procedure as well and that actual retirement experience will never perfectly match the expected retirements under the ALG procedure?

[2:20:11] **A.** So it does not, Mr. Murphy. And perhaps if we could go to PDF page 75 of my evidence, the same exhibit, just for an illustrative example?

Q. Sure.

A. Thank you. So you'll here on this curve, this Figure 21, and these squares on the curve are the observed retirement history for this account, which is account 353. The Equal Life Group procedure depreciates the assets in this account based on those squares. It selects the curve based on those squares. And if those squares effectively vary from the curve in any way, make, and shape, or form, then what you're going to have is a significant variation in the actual depreciation expense that is calculated under the Equal Life Group, because it depreciates the assets along this curve by the same amount every year, so -- whereas the Average Life Group procedure takes a more moderate approach. It provides much less weight to the -- no weight to how the actual retirements will fit along this curve, those squares. It will depreciate the assets based on a same rate each year, year after year, regardless of how the depreciation actual retirements unfold.

So you'll see in many cases curves where those dots will dip below at one point, they'll go above at another point, and they'll be in line and then they'll keep shifting all over the place.

When you select an ELG -- when you use the ELG procedure, it is, again, highly dependent on the mathematical goodness of fit to those actual datapoints. Whenever one of those datapoints varies significantly from that curve, there will be a difference.

I agree that that difference also exists under the Average Life Group procedure. It is just less significant because the procedure -- the Average Life Group procedure does not depreciate based on this -- the selected curve.

Does that help to answer that specific question a bit?

Q. Yeah, I think I understand. Thank you.

A. Thank you.

Q. Okay. Let's go to page 45 of your evidence.

MEMBER MURPHY: PDF page 45. Sorry, Jeff.

BY MEMBER MURPHY:

Q. And at the very top of the page, you state:

> For all these reasons the use of the ELG procedure exacerbates the potential error when simulated age data is relied upon, as the conclusions that are drawn are less likely to be based on the actual history of retirements had they been tracked.

And so maybe this is the same question I just asked you, but can you tell me why the ALG procedure doesn't exacerbate the potential errors associated with using simulated age data in the same way that the -- that you claim the ELG procedure does?

A. Certainly. So again, if the simulated age data does not accurately reflect the actual retirement pattern of those assets -- and they wouldn't because the simulated data is a guess, is a best guess. And again, going back to the example we just walked through, it -- the ELG procedure's going to be based off of those specific datapoints that are simulated.

If those datapoints are incorrect, the ELG procedure is going accelerate depreciation based on the assumption that those datapoints are correct, and that is where the error comes in. Whereas the Average Life Group, again, does not depreciate based on that curve; it depreciates on the assumption that there will be an average amount of depreciation taken in each year.

And that's why when there's a variation from year to year in those datapoints, the Average Life Group procedure tends not to overemphasize or put undue reliance on that variation, particularly if there is a risk that the age data that you're relying upon in this case, the simulated age data, might be incorrect.

I know during the hearing, Mr. Murphy, you looked at some examples in other cases and other jurisdictions. I filed some depreciation studies. And I think the big question that comes to mind is, when you look at the experience in other jurisdictions, why is Nova Scotia Power based on its simulated data seeing significantly lower lives than all the other utilities, at least than I have been reviewing, and across many accounts.

And you need to ask yourself, and I've asked myself the same question, is there any underlying force of retirement in Nova Scotia Power that is so great that makes it just tough to do business in Nova Scotia for an electric utility, greater forces of retirement that are all negative rather than some that are positive. I can't come up with any, and that leads me to believe that the simulated retirement data that the company's relying upon which is informing the ELG estimates is potentially causing this exacerbated error.

Q. I thought there Mr. Wiedmayer's testimony that he discussed the use of the simulated data but also noted that he went back to Nova Scotia Power's staff to sort of confirm that data and that he was relatively comfortable and they were relatively comfortable that the data fit what they perceived is what would be the expected retirements. Do you have any comment on that?

A. Yes, of course.

So what I would understand that they would have, Mr. Murphy, is data that shows the date the asset went into place and some general data around when the assets might have been removed from service, but they do not have an actual retirement date for any individual specific asset. That information, the actual physical date of retirement, is where the guess comes in.

So they could say our vintage data has 100 poles that were installed in 1976. We know we have 100 poles that were installed in 1977. We know that from those two -- or from all vintages there have been 1,000 poles retired. What they can't say is, was that a 1976 pole, was it a 1977 pole, was it a 1978 pole and which date those poles retired. That is the age data which they do not have and they must guess at.

I agree, and I've stated in my report using some simulated data, simulated age data is preferable to not having age data, but the point remains that that simulated data is highly unlikely to represent what would have actually been recorded had the aged retirements -- actual aged retirements been correct.

Q. But what's your alternative if you don't have the actual age data? Isn't the alternative just to rely on simulated age data?

A. No. My preference would be to begin tracking age data, build up a large enough database of age data, say 20, 30 years, for longer-life accounts -- and I think Nova Scotia Power is moving towards that track -- that level of tracking, and then look at your other data inputs like management information; how long is the asset expected to live, what are some specific factors in Nova Scotia that differ from other jurisdictions that would lead to a higher rate of retirement or greater forces of retirement, those types of factors, as well as pure data.

If Nova Scotia is relying on simulated data and another party has -- other parties have age -- actual age data, what is the retirement pattern that they are seeing, what are they recommending, and what forces of retirement do they have that are consistent with what we see in Nova Scotia.

That’s what I would recommend the Board look more closely at rather than relying on the age data. You -- simulated age data, pardon me.

You can’t completely discount it, and

you shouldn’t ignore it, but if it’s providing you with a result that looks highly unusual, then that’s why -- that’s when you need to take a look at those other factors that I just described.

Q. Okay. Thank you.

Mr. Madsen, are you aware of any regulators in Canada or even in the U.S. who’ve directed a conversion from the utility using the ELG procedure to ALG procedure?

A. Yes. Most recently in Mississippi, the Mississippi Public Service Commission, in a case that I was involved with, directed a gas utility, Atlas Energy, to transition from the Equal Life Group procedure to the Average Life Group procedure for a number of reasons, including that it provided a better estimate of the consumption of the value of the benefits over that period of time and a more reasonable amount of depreciation expense.

So that was -- I think that decision

came out in November.

Beyond that, I have seen regulators largely adopt ALG instead of ELG, and I've described some of those examples in my report. It's less common. It's quite uncommon to move off of ALG, and most utilities that -- as I described in my report, the vast majority of utilities do use the Average Life Group procedure and, once on it, it's, again, uncommon to move off of it with that one example I noted, from ELG to ALG.

[2:30:18] **Q.** Okay. Thank you.

MEMBER MURPHY: Jeff, can you call up N-34 at PDF page 73, please? It's Table A.

BY MEMBER MURPHY:

Q. And I believe we asked -- Mr. Mahody asked Mr. Wiedmayer for an undertaking to reflect what your -- what he believes your suggested changes would have in terms of impact on depreciation expense.

I noticed in your evidence that you provided some cost numbers comparing what you might have recommended in this table versus what Nova Scotia Power currently uses or has proposed. But if I just look at one example, transmission station equipment on PDF page 81, you said:

> ...by comparing the ALG remaining life calculation from Gannett Fleming for a 48-R2.5 to a revised ALG remaining...calculation for a 50-R2.5...

Which is what you recommended. You provided "a reduction in depreciation expense".

But when you compared to Nova Scotia Power, you -- it sounded like you compared it to an -- to them using an ALG for remaining life calculation; is that correct?

A. (Madsen) That is correct.

Q. Can you do the calculation using what they currently use and what they propose, which is the ELG methodology?

A. (Madsen) I would like to. The problem is, Mr. Murphy, is I do not have the Nova Scotia

Power model that calculates out the amount of depreciation expense for 2026 and 2027, that's why it really comes to a very high level estimation. I have to assume what are the level of additions each month, what are the level of retirements each month over the period of time, and also, what are the level of additions and retirements over the bridge period, which is 2024 and 2025, from the December 31st, 2023 study.

With all of those assumptions, I could provide an estimate. It is likely, admittedly, to be incorrect because I would be guessing at what that would have to be.

Q. Okay.

A. (Madsen) I could provide a range, but it would be like I did here in the comment that I made in relation to this calculation, it becomes a high-level estimating exercise. The level of precision is going to be low, given I do not have that asset here.

Q. And the undertaking that was

filed by Mr. Wiedmayer, I think was U-12, that wouldn't help you with making that -- those calculations?

A. (Madsen) If you bring up that undertaking, perhaps, I could take a look at it and see.

Q. No, that's -- okay, maybe we will. Yeah, sure.

A. (Madsen) Sorry.

(SHORT PAUSE)

BY MEMBER MURPHY:

Q. Actually, I don't think we'll bother calling that up, Mr. Madsen. That's fine.

Maybe you can tell me this, though. Just in general, if you were to use -- if you knew the information that you needed to know, I guess in general would you expect the cost differentials that you noted in your evidence, if you did the calculations based on the ELG methodology would you expect those numbers to decrease or increase?

A. (Madsen) They should generally

decrease.

Q. So in the case of transmission station equipment, where you noted that between the two calculations you did using ALG life calculation for Gannett Fleming's numbers versus your numbers, you had a million dollar reduction, you expect that to be less if you used the ELG Gannett Fleming methodology.

A. (Madsen) Generally speaking it should be. It will also depend upon the average remaining life in the account. But I'd say, generally speaking, I would expect it to be a slightly lower impact, yes.

Q. Okay, thank you.

MR. MURPHY: Jeff, could you call up N-34, PDF page 85, please? No, maybe that's not the page. Just hang on. Maybe go to page 80, PDF page 80. That's not the one either. Just bear with me for a sec. I think it's page -- PDF page 83.

BY MEMBER MURPHY:

Q. And I think this is the curve

that I walked through with Mr. Wiedmayer the other day, and this is for account 355. And Nova Scotia Power is recommending using the Iowa 45-R1.5 curve, and I think you were recommending the -- I think it was the R50. Anyway ---

A. (Madsen) Fifty -- R ---

Q. Fifty R ---

A. (Madsen) Fifty (50)-R2.5.

Q. That's right, yeah. And when I asked Mr. Wiedmayer about this, he indicated that the Iowa 50-R2.5 curve was used here, it would be further to the right than the curve you suggested, or the curve that Nova Scotia Power suggested, and that would seem to indicate that the curve you recommended is a worse fit to that, I guess, simulated data, those squares, than Gannett Fleming had recommended. I'm just wondering if you have any comment on that.

A. (Madsen) Yes. So he is correct. The curve that I recommend would have a worse fit to the retirement data. Again, this is simulated retirement data. And it would not represent the actual retirement data that would be present for Nova Scotia Power had it had that historical information.

I think if it's -- it may not be helpful, but if you look at some of the other reports, Mr. Murphy, that I filed, for example Newfoundland Power, and the similar data for this account where there is actual aged data, not simulated age data, you see that there is a very different trend in the aged data relative to what is shown here on a simulated basis.

And that is why when I recommended the curve that I did, I recommended a curve with a longer life, which does not fit this aged data as well, because I can't devise a reason why Nova Scotia Power would have retirements for account 355, which is poles and fixtures, which would suggest a life of 40 to 41 years, and I think that's what Mr. Wiedmayer confirmed as well. And when I modelled it, I figure -- I noted that best-fit curve would be similar along a 41-R1 curve to that data.

A 41-year life for this account would be well below the range of peers, well below what I have seen in other jurisdictions. And if I were to simply rely on the simulated data, again keeping my simulated data, and run a conclusion, the conclusion that that is the best curve to select, then I think that would result in a recommendation that is incorrect, and that's why I did not recommend it.

Q. Okay. The other curves you recommended for the other accounts, if I look at them all in general, they would all tend to fall to the right of the curves that Gannett Fleming had recommended. So I guess if I was to ask you the same question about all those other accounts I would get the same answer; correct?

A. (Madsen) Same answer, sir. Maybe it would be helpful if we had before us actual retirement data, and I describe this is in my report. If this curve that we were looking at was actual retirement data, I'd probably be asking myself why Gannett Fleming did not recommend a 41-R1 curve, and I would probably start with recommending a 41-R1 curve because that would best reflect the actual retirement data for Nova Scotia Power. We're not looking at actual retirement data, which is why I need to assign the weight to the simulated data that I can, and in my opinion, I would not assign significant weight.

[2:40:19] Now again, if the simulated data was showing that -- the best guess was showing that for this account Nova Scotia Power was dead set right in the middle of its -- the recommended peer range, say somewhere around 50 years, and management's notes suggested that that was consistent with their expectations of the life of the asset, I would likely be again recommending that the simulated data provided more weight because it is consistent with the other data that I have reviewed. In this case, it's just so inconsistent it's hard to assign significant weight to it.

Q. Okay, thank you.

(SHORT PAUSE)

MEMBER MURPHY: Those are all my questions, Mr. Chair.

THE CHAIR: Thank you.

Mr. Deveau?

Mr. Goodine, if we could go to Exhibit 34, page 50, please.

QUESTIONS FROM THE CHAIR

Q. Mr. Madsen, I'm looking at Table 4, which you reproduced from an IR response provided to you by Nova Scotia Power, and it appears to suggest a $23.3 to $24.3 million difference between depreciation rates using the ALG procedure and the ELG procedure. But I understand that the numbers that Nova Scotia Power provided to you for the ALG rates did not account for the Settlement Agreement and that, if they did that, the difference between the two would have been more like 40 million to 45 million. That's based on the testimony we heard earlier in the week.

I don't know if you were listening in and heard that testimony?

A. I did.

Q. So I guess two questions. First, do you agree with that sort of general discussion, that the actual impact would be about $20 million greater?

A. I agree that, based on the

testimony that Nova Scotia Power has presented, that that would be, mathematically, where the result would likely lie. I haven't seen the calculations. I have no reason to believe that the magnitude that Nova Scotia Power is suggesting would be incorrect.

Q. Okay. And then -- so my next question was, your discussion down below the table and into the next question really gets into the notion of gradualism and your views that changing based on the results in that table would be consistent with the principle of gradualism. And I'm wondering, now that the impact appears to be significantly more, if that alters your thoughts or comments on the principle of gradualism as it might apply in the context of this particular case.

A. So it would not. And the main reason is, is because the assessment of whether a change in depreciation is gradual and moderate needs to be done both at an account level and at a total level. And I noted, and I think, perhaps -- let me just see if I can find it. It might -- that larger quantum, if we turned to page 52, Mr. Chair.

Q. Sure. Just ---

A. Right at the top of page 52. Thank you.

I had a caveat that there be a need -- rather, there was a need for a phase-in. So again, I think that the quantum that has now be clarified on the record doesn't alter my opinion that the change would be gradual or moderate. That said, there may be more support for a phase-in of the change over time, over, say, the two-year test period or some other period of time that would be appropriate for the Board.

That's, again, optional. When you're changing a depreciation procedure, you're going to have some short-term impact because the depreciation procedures are so significantly different, particularly in a growing utility.

So I consider that change to be

reasonable and I wouldn't recommend any change in my evidence as a result.

Q. Okay. Thank you.

THE CHAIR: Mr. Goodine, can you pull up the transcript from January 8th? And go to page 37, PDF 37.

BY THE CHAIR:

Q. Mr. Madsen, in my questions of the Nova Scotia Power panel, I heard a couple of criticisms about the recommendation to switch to the Average Life Group method, one of which is that it would result in an ongoing requirement for customers to pay for assets that are no longer in rate base. And I pulled this up because I thought this was more directly to that particular point, focusing on page 355, line 7, and then on to line 10 on the next page. If you just want to review those.

A. Okay. If you could go to the next page, please?

Yes, I recall this testimony. Thank you.

Q. Okay. And so the question is just, you know, what's your take on whether customers would be paying for assets that are no longer in rate base and whether or not that may be inappropriate?

A. So I disagree. The -- Mr. Wiedmayer is making the statement on the basis that the theoretical amount of depreciation expense calculated under the ELG procedure will actually reflect the actual consumption of the assets over time. Again, that's impossible, on the one side of things. On -- and I suppose if it was accurate, then the answer to the question is, yes, you would have an asset that's still in service that -- sorry, an asset that has been removed that is still being depreciated under the Average Life Group procedure.

But if you look at -- and I don't want to take you away from this exhibit, sir, if you're going to -- maybe I'll speak generally, then we can go to it if we need to.

There's a figure in my testimony which illustrates how the Equal Life Group procedure continues to have a curve that extends far out, whereas the Average Life Group procedure is essentially a box. And so to Mr. Wiedmayer's point, the opposite is also true.

Under the Equal Life Group procedure, there is an increased risk if the assets do not perfectly mirror the expected retirements based on the Iowa curve that you will have a bunch of assets under the Equal Life Group procedure, you'll be collecting deprecation in rates under the Equal Life Group procedure in year 80, in year 90 and in year 100, when there are -- that asset has been long since retired. So it swings both ways.

And again, that's why it's obviously difficult to perfectly predict the consumption of life and -- I'm sorry. So that's why I disagree with Mr. Wiedmayer's testimony here. It's based on a theoretical assumption, not an actual assumption. And again, it swings both ways, depending on when you look at the full life of the asset.

Q. You wanted to go to some figures in your evidence, and it might be helpful if you did do that so I could better understand what you're saying.

A. Certainly. If we go to PDF 58.

So Figure 17. This is what I'm indicating by the boxed nature of the Average Life Group procedure. You'll see that -- and if you ignore the securitization element that's in here, what you're seeing is the Average Life Group depreciation procedure is, again, that straight line procedure, and then it just ceases. So by year 65, no additional depreciation is being recovered.

[2:49:55] What Mr. Wiedmayer is suggesting is that if you look at around year 25, in year 25, the Equal Life Group procedure would suggest that, if you're following that blue line, that there are assets that are no longer in service. They've been retired. And they are -- again, assuming that the actual retirements mimic what you expect, then this orange line is still above the blue line. That means that it's still depreciating those assets that have been removed.

But if you go past year 65, that blue line continues, and what that means is that there are assets that are still being notionally depreciated by year 90 and what have you for -- in this example, it would be surprising to expect that you would have a significant amount of assets still in service around year 90, depending upon the nature of those assets and depending on the curve.

And that's one of the issues with the Equal Life Group procedure, is it can extend out the life of those assets greatly, well beyond their physical useful lives, and then you're depreciating an asset, so covering costs in rates, when the asset has long since been replaced and retired.

That’s what I meant to say. it swings both ways, depending whether that orange line is above or below the blue line.

Q. Okay. Thank you.

So the distinguishing features, I guess, between the two methods, as I understand your testimony, under the ELG procedure it would both accelerate depreciation in the early years compared to ALG and then at the other end it potentially draws it out for a longer period, although at a much smaller rate?

A. That is correct, yes.

Q. We don’t have to pull the transcript up again, but part of the discussion there also suggested that switching methods at this point in time in order to, you discussed part of your testimony, make room for securitization, if I can refer to it that way. The suggestion was that any crossover or any benefit from doing that would be short lived before the crossover occurred and then it would just be higher costs overall.

Do you have any comments on that discussion?

A. Yes, I do. And I disagree with the statement, and I disagree with the analysis that has been presented, Mr. McGrath. And I don't know if it would be helpful -- because my analysis of the issue is extensive, if it would be helpful for me to walk through that in a detailed manner or just stay at a high-level. Which would you -- what would be best to assist you, sir?

Q. I guess I would say both detailed and in a way that I can understand it.

A. I'm sure you'll have no issues.

So maybe I can kind of summarize some of the points that I have based on my review of the spreadsheet. So I'm going to step back. Gannet Fleming in order to inform that analysis provided the Board with an undertaking, which is a spreadsheet from another utility, and it showed that the crossover point when you add in both return on equity and depreciation it comes a lot sooner, and that was the basis for the statement they made. Is that fair?

Q. And I was going to go to that exhibit next so we might as well pull it up. If you're going to discuss the point might as well have it in front of us.

THE CHAIR: So, Mr. Goodine, it's Exhibit 59(i). It's an Excel spreadsheet.

(SHORT PAUSE)

THE CHAIR: Mr. Goodine, could you just focus on the two charts in the bottom of the data there.

BY THE CHAIR:

Q. So my understanding of what's presented here, Mr. Madsen, on the chart on the left, "Comparison of Rate Base," is the -- and when you take rate base accounts into effect the ALG line, which I believe is the orange line, is always higher than the ELG line, which is the blue line. And then on the other chart I think what that's attempting to show, as I understand it...

THE CHAIR: And maybe, Jeff, if you could reduce the size just a little bit so we can see the -- yeah.

BY THE CHAIR:

Q. As I understood this, it was supposed to demonstrate that that crossover point from switching methodologies, you'll see the orange line is below -- the ALG line is below the ELG line but then there's this crossover point and moving out into the future again the ALG line is always on top of the ELG line and it looks like the gap is even widening the further you go out into the future.

And so that's sort of what I took away from this table. So I think you said earlier you had been looking at this and didn't believe it sort of fit the real world of things?

A. That is correct. So perhaps that I can do is I can best answer your question both at a broad level and a specific level focusing in on this example here.

So the example that was provided, Mr. McGrath, first off, did not have -- was initially provided, and I did replicate some of those formulas when I was reviewing it. One of the deficiencies in the calculation is the fact that it relies on a calculation that's not a mid-year calculation. So that will -- it's a very minor issue, but it will pull up the impact of that crossover by about roughly a half a year to a year quicker than it should be. But that's minor.

The more important issues are the fact that the analysis is not based on Nova Scotia Power evidence. When I looked at the more detailed spreadsheet and the USA accounts that were informing the spreadsheet the main USA accounts are 376.1, 376.3, and I could name them, there's six accounts, they're all gas utility accounts. They make up roughly 84 percent of the total asset base, and those are services, gas mains, and things of that sort. They're not electric utility assets akin to what Nova Scotia Power operates. So it's like comparing apples to oranges. And I couldn't, based on my review, actually identify any accounts in this analysis that were electric utility accounts like a tower conductor or even production plant.

The example also assumes a return of 8 percent. A return of 8 percent is not reflective of Nova Scotia Power's weighted average cost of capital, which is somewhere just above 6 percent. A higher return in this analysis is going to dramatically -- quite dramatically overstate the revenue requirement related to this difference that you're seeing in the difference on rate base.

The starting point of the analysis again is for utilities gross plant in service that is not Nova Scotia Power's. If I were to update that starting point to be Nova Scotia Power's gross plant in service of I think roughly eight point something billion dollars and then used the growth rate that I've seen for Nova Scotia Power over the last three years, which has been averaging roughly 3 percent since close to 2024, the rate of growth in that cost increases quite significantly. That's another issue.

The other -- the analysis also ignores income tax sometimes, which can, in several ways, cause the ALG procedure to look like it is creating more revenue than it actually is. Depreciation, when included in revenue, is a taxable item, and the ELG procedure has a higher level of depreciation expense.

I apologize. There's a number of issues. The other issue is the exhibit includes a very, very low composite depreciation rate, somewhere in the range of about 2 percent. While I appreciate that might reflect the gas utility assets that were being studied by Gannett Fleming in this limited example, the applied-for depreciation rate for Nova Scotia Power is somewhere closer to 3.37 percent on a composite basis. So quite a lot higher than 2 percent. When you use that rate, as well as the actual applied-for or recalculated average life group rate, it again materially alters the results of this analysis by changing the amount of depreciation expense calculated.

And I'm almost done.

The composite remaining life is also incorrect in this analysis based on what is the composite remaining life for Nova Scotia Power. So fundamentally the analysis is not a Nova Scotia Power focused analysis and is providing a result that makes -- that is, in my mind, misleading.

The final point that I would make before I kind of conclude is that the analysis is out over to 2050. Whenever I do an analysis that extends beyond two, to three, to four or five years I do a net present value calculation. So if you look at it on a -- and ignoring the net present value with future cash flows it suggests that based on the two scenarios the ALG procedure will recover $20.3 million more in revenues. Ignoring all of the issues that I just outlined, $20.3 million more revenues than the ELG procedure. But on a net present value basis, using Nova Scotia Power's weighted average cost of capital it is actually unfavourable to the equal life group procedure to the amount of $83.5 million. So it swings by about $100 million the other way. And again if you're looking out into the future at the future impacts that customers are going to pay then you need to analyze that scenario on a net present value basis.

[3:00:39] Changing the various variables -- and again my big caveat would be I did not do one of these analysis for the reasons I stated in questioning earlier. It is very difficult to present an analysis like this that is going to be perfectly accurate and reflect the future. If you have -- if you hold several assumptions though true, if you assume a growth rate of 2 percent for Nova Scotia Power, if you assume a weighted average cost of capital of about 6.15 percent, around that range, which reflects the applied-for average cost of capital, and if you assume the growth rate -- or sorry, the depreciation rate in this analysis and change the variables to reflect what Nova Scotia Power actually has invested, there is no crossover point between the ALG and ELG procedures in the next -- between now and 2050. There's not.

If you increase that growth rate to three percent, which again is more closely reflecting the Nova Scotia growth rate in recent years, there will not be a crossover point for a very long time. I don't know when, but it won't be -- certainly well beyond 2050.

Q. Okay. So just my sort of -- my general sense of the argument or the comment that was being made to contradict what you were saying in your report was that when you take the rate base effects into account, rate of return and those other items, along with depreciation, that the ALG method will always, over the long term, produce a higher amount than the ELG.

Are you agreeing with that but you're

just saying the magnitude of that difference and the crossover points are much smaller or much longer because of all those things you said or are you disagreeing with that fundamental principle to begin with?

A. The total amount of revenue requirement that is collected under the ALG procedure will be higher than the total amount of revenue requirement that is collected under the EFG procedure because you will have a higher amount of return for the company, yes. I don't dispute that fact.

I dispute the timing of when that crossover point would happen, and I dispute the magnitude of the difference on a -- again, on a net present value basis.

Q. Okay. Thank you.

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

Ms. Power?

MS. POWER: No, thank you, Mr. Chair.

THE CHAIR: Consumer Advocate?

MR. ROBERTS: No, thank you.

THE CHAIR: Small Business Advocate?

MS. MacADAM: No questions.

Thank you.

THE CHAIR: Industrial Group?

MS. RUBIN: No questions.

Thank you.

THE CHAIR: Municipal Electric Utilities?

MR. MacDUFF: Nothing, Mr. Chair.

Thank you.

THE CHAIR: Department of Energy?

MR. BOYLE: Nothing.

Thank you, Mr. Chair.

THE CHAIR: Port Hawkesbury Paper?

MR. MacDOUGALL: No questions, Mr. Chair.

THE CHAIR: Miss anyone before going

back to Mr. Mahody?

Mr. Mahody?

MR. MAHODY: No re-direct, Mr. Chair. Thank you.

THE CHAIR: Okay. Mr. Madsen, I guess that concludes your testimony. Thank you very much for your report and your participation in this proceeding.

MR. MADSEN: Thank you.

THE CHAIR: Take care.

MR. MADSEN: You, too.

THE CHAIR: Mr. Mahody?

MR. MAHODY: Thank you, Mr. Chair.

Next up is the Bates White panel, and I believe that Mr. Musco and Ms. Morgan might be available to join us now.

Sorry, Mr. Chair. I should have checked with you if that ---

THE CHAIR: I was just wondering whether it made sense to take a brief break at this point.

I'm thinking probably yes.

MR. MAHODY: Certainly.

THE CHAIR: So five after 3:00. We'll come back at 20 after 3:00.

MR. MAHODY: Thank you, Mr. Chair.

--- Upon recessing at 3:05 p.m.

--- Upon resuming at 3:20 p.m.

THE CHAIR: Good afternoon, Ms. Morgan. Can you hear me?

MS. MORGAN: Yes, I can.

THE CHAIR: Mr. Musco, same to you. Can you hear me?

MR. MUSCO: Yeah. Good afternoon, Mr. Chair.

THE CHAIR: Good afternoon.

MR. MAHODY: Thank you, Mr. Chair. This is the Bates White panel, and I would ask that they please be affirmed.

KAREN MORGAN, Solemnly Affirmed:

VINCENT MUSCO, Solemnly Affirmed:

THE CHAIR: Mr. Mahody.

EXAMINATION ON QUALIFICATIONS BY MR. MAHODY

Q. Ms. Morgan and Mr. Musco, can you confirm that you have filed evidence in this matter that has been marked as Exhibit N-35?

A. (Musco) Yes, that's correct.

Q. And you have -- can you also confirm that you've submitted your Statement of Qualifications and Experience?

Mr. Musco, yours has been marked as Exhibit 53 and Ms. Morgan, yours as Exhibit 57.

A. (Morgan) Yes.

A. (Musco) Yes, correct.

MR. MAHODY: Mr. Chair, Mr. Musco and Ms. Morgan are well known to this Board and to the parties. They've appeared several times as expert witnesses. It's not my intention to review their professional qualifications and experience in detail.

I am seeking to have each of them accepted as an expert, qualified to give opinion evidence regarding resource procurement, electricity industry policy, and electricity markets.

THE CHAIR: Any questions on qualifications, or objections?

Okay. Thank you.

They're so qualified, Mr. Mahody.

MR. MAHODY: Thank you.

DIRECT EXAMINATION BY MR. MAHODY

Q. Ms. Morgan and Mr. Musco, are there any corrections or amendments required to the evidence that you have filed in this matter?

A. (Musco) No.

Q. And is the evidence -- are the opinions expressed in your evidence true and accurate, to the best of your information and belief?

A. (Musco) Yes.

Q. And are the opinions your own?

A. (Musco) Yes.

Q. Thank you.

MR. MAHODY: The panel's available for cross-examination, Mr. Chair.

THE CHAIR: I understood that Nova Scotia Power or the Intervenors did not have questions for Bates White.

Okay. So I think it's Mr. Deveau.

QUESTIONS FROM MEMBER DEVEAU

Q. Okay. Good afternoon, panel. How's the weather in Washington today?

A. (Musco) Sunny and not as cold as St. John's.

Q. Not as cold as St. John's? That's probably a good bet.

Okay. Thank you for appearing. I just have a couple of questions.

And I think you were probably listening during the week so you -- there's a few of these questions you probably know are coming.

The first one -- look at Exhibit N-35. And the first one is at -- I think it's PDF page 12.

So the first question, and I had asked this to Nova Scotia Power panel as well, at line -- starting at line 9 -- or line 8, where you assess the fuel and purchase power component of the Application. And you said at line 9 to 11:

We know that NSPI has, in some cases, been unable to provide all requested data due to a cyber security incident that has made that data retrieval impossible.

So obviously, in Nova Scotia we're well aware of the cyber incident. It still impacts the company now. But I'm just -- you made the comment -- and you would have heard Nova Scotia Power's response, but I'm just wondering from your perspective -- you didn't necessarily express a concern about that, so I'm just wondering if you're satisfied that, based on the data that you were able to receive or the data that you were unable to get from Nova Scotia Power, whether you have any continuing concerns or concerns about your ability to judge their fuel budget, given the amount of the costs and the revenue requirement.

A. (Musco) Yeah, we don't have any significant concerns stemming from this. We're making this point just to, you know, be transparent about the nature of our review, especially since we've worked on this file in the past and wanted to make clear that this is a difference from prior cases.

Primarily where it comes up is in the review of hourly generation data from the fleet. Of course, Nova Scotia Power files and provides, and did in this case, provide monthly generation data across the fleet and across other sources of power, which is very helpful and really allows for a good review of what came out of PLEXOS. Missing, of course, was that hourly granular data.

Historically, we -- you know, I don't believe that's historically part of their filing itself. It comes through discovery, usually in response to Bates White. And what we do when we look at that is we look for any anomalous data, any data that would be contrary to our understanding of the capability of the various generations forces. You know, a simple example would be if you saw a unit producing on an hourly basis for a day or two twice its claimed capacity, we would flag that and say well that makes no sense, or that is an absurdity, and we would point that out as evidence of potential concern, either with their assumptions, or perhaps there has been something that changed in the fleet that we're not aware of. That's the -- that's a layer of diligence we typically engage upon.

In this case, we couldn't do that. You know, we are just noting here that Nova Scotia Power couldn't provide that backup data. We still are able to look, as I said, at that monthly data, you know, look for anomalous data there as well, look for any concerning issues or any trends, all of which we have pulled out in our report, but -- and that allows us to at least say, well, you know, this data that was provided, this data that comes out of PLEXOS, it's obviously sensitive to some of the changes that are happening in the fleet, and some of the assumptions around the changes in the fleet, but there's -- there was nothing there where we said, you know, "That doesn't look right or that's really concerning."

So it's a long way of saying no, we don't have any significant concerns, Mr. Vice Chair, to put, despite that limitation.

Q. Okay. There's an audit coming. Is that a similar situation not having the hourly data available in an audit situation?

A. (Musco) It may provide more challenges on the audit side if there -- and I -- and at this point, I am not -- I can't speak to what those limitations are or are not, we're just not at that point yet.

Q. Right.

A. (Musco) But you know, when you're talking about ex-post review of the costs themselves and ensuring that, you know, costs, allocation, all of that is as it should be, or you know, looking for evidence of economic prudence and everything else that's inherent in the FAM audit, that is a higher bar, I think, and if there are data limitations, that could provide some challenges over on the audit side.

Q. Okay. Well, that's another matter. We'll deal with that in that matter.

The next issue is at page 36 of your report. And it may be a different context, but you'll recall probably your -- Bates White was involved, and you would have been involved, and it was several years ago, probably before COVID, but it was the -- there was an instance where the information was hardcoded and it was really difficult to track the information. The Board had made a direction at that time.

[3:30:00] But in this particular case, and again I recognise it may be -- it's probably a different context, but starting at line 12 you say:

> As a result, much of the back and forth, and investigation...normally occurs in a GRA review occurred prior to the filing of the application.

That would have been by the customer representatives:

> As a result, many of the electronic (Excel)

exhibits contain[ed] hardcoded information which prevents tracking of the BCF amounts and the translation of BCF amounts to proposed rates through the review and assessment of formulas within the filed spreadsheets.

So just wondering if you could provide further context in terms of your statement that it prevents the tracking of BCF amounts and the translation of BCF amounts to proposed rates. And I was concerned about that statement, so I was just wondering from your perspective if you could indicate if you have any concerns about that or any caveats you would raise in relation to the review of that information.

A. (Musco) Sure. And I'm going to turn this to Ms. Morgan for a more complete response. I think generally speaking, though, no, we do not have any concerns on this point. Again, we -- we're trying to explain the context for our review and give that transparency.

But Ms. Morgan, perhaps you can

elaborate on this one.

A. (Morgan) Sure. What this was referring to was the fact that certain things were agreed to which meant certain files that had been provided previously weren't provided this time, examples the AA/BA calculation. It was not meant to imply that the format was at all unexpected or different than had been agreed to previously, that was fine. And the hardcoding is, is you know, values of zero or you don't have the calculation, but at the end of the day, their questions -- they answered our questions very thoroughly and we had no issues.

Q. Okay. Thank you.

The next reference is page 15 at the bottom. And so this is in the context of the dated -- the information about the fuel is somewhat dated. Normally, we would have a fuel update as well, but I get your comments that despite that you observe and -- at line 13, you observed:

...no major changes regarding commodity futures prices that would require an update to the rates, which could potentially negatively impact the nature and status of the Settlement Agreement reached by the parties...

And by that, I take it to mean that based on the numbers that were given for the forecast BCF you observed no major changes based on the various commodity price forecast. That remains your opinion?

A. (Musco) Yes, that's correct.

Q. Okay. I don't have any questions on it, but thank you for your comments about wind and its impact to the forecast. Appreciated that analysis.

The final point is at page 31, and that's about Lingan. So -- actually, page 30 and 31, but we'll go to page 31; I think you're probably very familiar with it.

So on the prior page, you indicated that -- and we reviewed that during the hearing, basically, going from sustaining capital, it's been -- the unit's, Lingan 2, has been in coal reserve for a few years now, roughly about $2 million a year in sustaining capital. And you note on page 30 that over the test years in the Application, sustaining capital expenditures increased to 18.4 million in '26, $2.3 million in '27. We heard at the hearing that those numbers have essentially flipped. That probably we're looking -- Nova Scotia Power is looking at sustaining capital of 18 million, or around there, one year later, in '27.

The -- so you indicated at page 31, line 3:

> NSPI's anticipated sustaining capital of close to $21 million over the GRA period represents a substantial increase and should be supplemented with additional narrative support by [Nova Scotia Power].

So they comment on -- commented on that, and we had a discussion about that.

I understand -- I realize that there are dynamic circumstances leading to 2030 and oncoming renewables and fast-acting generation, but based on their response, do you have any additional comment in relation to what they provided, or any concerns or comfort that they provided you in their response? Oh, and -- sorry ---

A. (Musco) What ---

Q. And sorry, I should have mentioned one more thing. In terms of operating costs, there's obviously an increase there, and it's both Lingan 2 and Trenton 5, so not just sustaining costs, but operating costs as well.

So, sorry, I'll turn it over to you now.

A. (Musco) Sure. No, I appreciate the opportunity to speak to that question. I think -- I mean, I -- you know, we laid out the timeline. I think it was supplemented by Mr. MacIntosh in his testimony.

This has been an extended period of time where Lingan 2 was in some limbo, sort of expected to be retired. And I think Mr. MacIntosh talked about how NSPI was attempting to minimize CapEx, you know, sustaining capital going forward given that status.

We've not reviewed the state of the unit. We're not -- you know, we couldn't possibly weigh in on the need for, you know, the sort of cyclical refurbishments that I think Mr. -- that are inherent in that larger sustaining capital expectations in 2026-2027. So we can't go there.

I think conceptually, of course, it makes sense. You know, that's how generation refurbishment costs tend to be. They -- you know, peaks and valleys over time. That's consistent with what we've seen elsewhere in the NSPI thermal fleet and in other jurisdictions.

I think the key here is, you know, this is a substantial amount of CapEx relative to recent history and so it will be very important for the Board to be comfortable that that unit is truly needed for capacity reasons, you know, to meet planning reserve requirements over some period of time as defined by the Board and probably in some conjunction with NSPI to figure out what -- you know, is that resource truly needed.

I know there was a discussion about the potential for, you know, building quick start, you know, CT capability and the challenges inherent in that on a timeframe that would be fast enough to either defer or displace the need for this additional CapEx. That's, I think, a showing that NSPI may and probably should make, I guess likely in the capital procedure -- you know, a capital expenditure request procedure. But it -- that's a very important part is, you know, I don't think that that unit would be relied upon much for energy, would be for that capacity for that reliability. And so that showing is always very important and should be made in due course.

MEMBER DEVEAU: Okay. Thank you.

Those are my questions. Thank you.

THE CHAIR: Does anyone have anything arising from the Vice Chair's questions?

Mr. Mahody?

MR. MAHODY: No re-direct, Mr. Chair. Thank you.

[3:39:58] **THE CHAIR:** Ms. Morgan, Mr. Musco, thanks very much for your evidence and testimony and the reports and IRs, as always. Have a good day.

MR. MUSCO: Thank you.

MS. MORGAN: Thank you.

MR. MAHODY: Mr. Chair, next up Board counsel consultant, Dr. Sean Cleary. I must admit, Mr. Chair, I'm not quite sure about Dr. Cleary's current status. If he's online and can come on, I would ask him to do so.

THE CHAIR: Okay. I may have been confused. I thought we were going to Morrison Park next, but it's Dr. Cleary?

MR. MAHODY: Sorry. One moment, Mr. Chair.

You're quite right. Morrison Park is next.

And Mr. Chair, in that sort of sense, I think I might just need five minutes to make sure Mr. Colaiacovo was online.

THE CHAIR: Absolutely.

MR. MAHODY: Thank you.

(SHORT PAUSE)

MR. MAHODY: Mr. Chair, I understand that Morrison Park is available. They're online. They're just waiting to come in. "I'm here and waiting," as I understand.

THE CHAIR: Okay. Mr. Colaiacovo, if you're online, you can turn your camera and microphone on.

We can see you, but I don't think we can hear you.

MR. COLAIACOVO: Sorry; can you hear me now?

THE CHAIR: We can. Thank you very much.

MR. COLAIACOVO: I didn't realize that

I was the one muting. I thought it was muted at your end.

MR. MAHODY: Mr. Chair, Board counsel presents Pelino Colaiacovo and asks that he be affirmed, please.

PELINO COLAIACOVO, Solemnly Affirmed:

THE CHAIR: Thank you.

Mr. Mahody.

MR. MAHODY: Thank you.

EXAMINATION ON QUALIFICATIONS BY MR. MAHODY

Q. Mr. Colaiacovo, could you confirm that you filed evidence in this matter that has been marked as Exhibit 36?

A. I did.

Q. And as part of your evidence, you have included Appendix C. And does that contain a detailed history of your professional qualifications and experience?

A. That’s correct.

Q. Could you please provide the Board with a brief outline of your professional experience and the role of Morrison Park?

A. Morrison Park Advisors is an independent investment bank. Our principal office is in

Toronto. We consist of approximately 20 professionals and we operate -- well, we provide services including mergers and acquisitions advice, capital raising and expert witness testimony before courts and regulators.

We also provide valuation advice to clients. We do preparatory work for clients that are seeking to raise public capital, including when they are attempting to get a credit rating for the first time.

We do work in a number of different sectors, but the energy and utilities sector is one of our major areas of operation. About 40 percent of our work over the past 20 years has been in the energy and utilities space.

I spend all of my time in energy and utilities. I've been with the firm for the past 20 years.

Prior to that, I was with the Ministry of Energy in Ontario. Prior to that, I was a consultant for 10 years operating in a number of different industries, including energy and utilities.

I have appeared before the Board on two occasions in the past, both involving the Maritime Link and have, on occasion, provided some advice to Board counsel and Board staff on background for various issues.

Q. Thank you.

MR. MAHODY: Mr. Chair, I'm looking to have Mr. Colaiacovo accepted as an expert qualified to give opinion evidence regarding utility financing.

THE CHAIR: Any questions on qualifications, or objections?

Okay, Mr. Mahody, he's so qualified.

MR. MAHODY: Thank you, Mr. Chair.

DIRECT EXAMINATION BY MR. MAHODY

Q. Mr. Colaiacovo, are there any changes or modifications to your evidence?

A. None.

Q. And are the facts on which your opinion based true and accurate, to the best of your information and belief?

A. Yes.

Q. And are the opinions expressed in your report your own?

A. Yes, they are.

Q. Thank you.

MR. MAHODY: The Morrison Park panel is available for questioning, Mr. Chair.

THE CHAIR: Thank you.

And I understand again it may be just Board -- the Panel that has questions.

Mr. Deveau.

QUESTIONS FROM MEMBER DEVEAU

Q. Good afternoon, Mr. Colaiacovo.

A. Good afternoon.

Q. I've got just a few questions.

Before we get into more substance, I just had one question about your charts at page 16 of your evidence. I think it's showing up there.

So I just wanted to be clear. I understood everything that you said in your report. There were just a couple of questions about these charts, both these and the next page.

So just so I'm clear, let's deal with Figure 3 first, the top one.

So -- and let's go to the very -- the last -- I understand how you selected the various dates, but let's just go to the very last one, November 25th of 2025.

So for -- this is for Nova Scotia Power. The blue line represents -- the blue bar represents the spread between Nova Scotia Power-issued bonds versus Nova Scotia Government bonds. Is that what you intended?

A. That's correct. That are 10 years -- approximately 10 years in term.

Q. That's right.

A. So we were looking at 30-day averages, so it's the 30 days ending November 25th, so we looked from October 25th to November 25th and we took the 30-day average of 10-year Nova Scotia bonds and the 30-day average of the Nova Scotia Power bond that has close to 10 years of life remaining to it.

Q. Ten (10) years of life remaining.

A. Yes.

Q. Okay.

A. That's right.

Q. Okay. And then the red bar is Nova Scotia Power's bonds versus the Government of Canada bonds.

A. That’s correct.

Q. If we go to the bottom figure, same thing applies for Hydro One; the blue bar is Hydro One bonds versus Ontario Government bonds?

A. That’s correct.

[3:49:59] **Q.** And the red -- the red bar is versus Government of Canada.

So -- and again, I thank you for your report. I did -- I think I understand all of it.

I just had one question about these two figures. Perhaps we could pull back a little from the two figures.

Just in relation to the last two dates -- and you may have mentioned it, but I don’t recall specifically. If we look at Nova Scotia Power first, we know that both in relation to the provincial -- comparisons to provincial bonds and its comparison to the Government of Canada bonds that the spreads are decreasing in both cases. And -- but in relation to Hydro One, the lower figure, the spreads are actually increasing in both cases.

So what does that tell us? Apart from everything else, what does -- those two particular dates, they're moving in two different directions. I'm just wondering; what does that mean?

A. Well, so both of these different companies will be releasing information at different times. Their respective provincial governments will be releasing information at different times. The regulators could be making announcements at different times. And so the directionality, particularly over a relatively short timeframe, is quite likely to depend on, you know, information that is specific to the companies.

So you know, in this instance, looking narrowly at just those two dates, Nova Scotia Power, of course, released -- or filed its Application for rates. That would be reviewed by the market positively. Hydro One, on the other hand, could have released some other information which was not as positive for them, hence the minor differences in the trend lines for those two companies.

Q. Okay, okay. And obviously, it's probably misleading just to look at the short term. The longer term, in terms of the spreads over a number of years, is better to look at than just a short six-month period. Is that right? Actually, three-month period.

A. Yeah. I think the -- you know, one of the points that we tried to make in our report was to try and tease out macroeconomic effects from company-specific effects is sometimes challenging, but you can see some signal in the noise in the background.

So for example, on the left side of these charts there's a general upward trend of spreads and, at the time, you may recall, you know, some of this period was the onset of COVID, some of the period was in early '22 when governments began increasing the cost of borrowing internationally. And so spreads became quite volatile, and all publicly-issued bonds became much more expensive over that time period. So the spreads for both Hydro One and Nova Scotia Power increased at the time.

Since then, you know, there's been an improvement and spreads across the board have been coming down generally. But in the case of Nova Scotia Power, there was a complicating factor when the Nova Scotia government announced Bill 212, and hence there's some differences in these curves for the different companies.

And it's that -- you know, trying to sift the data to find, you know, market signals that the report really, you know, tried to bring to light. And so you can see a different shape to the curves for Nova Scotia Power as opposed to Hydro One, for example.

And you know, there's only so much you can read into these things because there is a lot of background noise in the process, but we thought that it would be helpful to bring these to the attention of the Board.

Q. Okay. You'd agree that, historically, probably interest rates are fairly low now compared to prior years?

A. Interest rates have been coming down, yes.

Q. And it would seem to me that longer-term bonds -- you know, well, the ones that are coming due from 10, 20 or 30 years ago, you're probably replacing that debt with lower interest rates. Is that a fair comment?

A. That is a fair comment, yes.

Q. Could you comment on that particular issue, in terms of how that dynamic would play into how the credit rating agencies would look at companies or utilities that are replacing, at the present time, debt at higher rates with debt at lower rates?

A. Yeah. So Nova Scotia Power, over the next 10 years, has a fairly significant number of bonds that are coming to the end of their term and that will then have to be refinanced. I believe the amount is about 700 to 800 million dollars of outstanding bonds that will have to be refinanced.

In addition, of course, they may be issuing some new debt to pay for some of their investments. At least that's the intention that's been described in some of their documentation in the Application and so on.

There's been a lot of focus in the regulatory process on credit ratings and much of my report discusses, you know, the usefulness of credit ratings as an indicator of market cost of debt, but it is very much a proxy for the market.

And I think -- you know, you can see in some of these charts, for example, you know, Nova Scotia Power is two notches lower in its credit rating today than it was in 2020 and yet spreads today are lower than they were in 2020 against benchmarks.

On the other hand, Hydro One has

actually improved by a notch between 2020 and today. And so their spreads were lower as well, which kind of makes sense. Yet in the case of Nova Scotia Power, the spreads don't seem to necessarily match the change in credit ratings. But if you take into account the fact that credit ratings are not a perfect indicator of market sentiment -- they are an indicator but not a perfect indicator -- then these kinds of shifts won't be too surprising.

I think it is fair to say, in reviewing the history of Nova Scotia Power's bonds and their actual trading, the market, just like the credit rating agencies, reacted very negatively to the events of a few years ago when the government introduced a Bill that affected rates for Nova Scotia Power and there was a spike in the cost of bonds for Nova Scotia Power. Since then, there have been some positive developments and the market has taken those positive developments into account and the cost of Nova Scotia Power bonds has been trending downwards both in terms of benchmarks and in terms of its historical levels, and yet the credit ratings have not changed. And the market, in fact, has reacted faster than credit ratings, but that's normal and expected.

The market reacts very quickly to all available information. Credit ratings don't generally react as quickly. They're often lagging indicators of market sentiment.

So you know, are credit ratings important? Of course they are, particularly with respect to their investment grade credit ratings.

As I mentioned in the report, the line between investment grade and non-investment grade is very important. However, you know, it's not appropriate to put too much emphasis on credit ratings when it comes to cost of debt.

Nova Scotia Power is clearly benefitting from a number of decisions over the last few years, a number of steps that have been taken with respect to cleaning up the Fuel Adjustment Mechanism account, for example, and so its cost of credit has come down. And when it has to refinance its bonds in the future, you know, the natural expectation is that the cost of refinancing will -- the best indicator for that cost of refinancing will be the trading price of its bonds, and the trading price of its bonds has trended downwards even if it's credit rating has not caught up to that market sentiment.

[4:00:48] **Q.** Thank you.

I think you mention in your report the exemption that Nova Scotia Power received for the commercial paper. They received a ---

A. That's correct.

Q. --- five-year exemption.

Just generally from your -- you're familiar with that mechanism in terms of exemptions. Is that a common thing or not a common thing? How common is that?

A. Well, again, the market's rules and credit rating decisions are not always 100 percent consistent. You know, the commercial paper market is intended to be available to high quality credits. With the downgrade that Nova Scotia Power suffered, it didn't technically qualify and so an exemption had to be made. But I think that's a case where it was not a difficult decision for that exemption to be provided to Nova Scotia Power.

It may have technically no longer met the criteria but, arguably, the market still views it as meeting the criteria whether or not its credit rating reflects that.

Q. So in determining that, the fact that it's a subsidiary of Emera would be a factor?

A. Yes. I mean, it's still a regulated -- a Canadian regulated utility.

Q. That was the other -- yeah, that was the other point.

The other one is it's a regulated utility. That would be a factor as well?

A. No, I think that's correct. I mean, if you look back at the decision that was taken after the announcement of Bill 212. Standard & Poor's explained it very succinctly as a change in business risk, and that had a three-notch change on its own. In the end, that was reduced to two notches, which allowed Nova Scotia Power to remain an investment grade utility.

But business risk is a less quantitative analysis. It's more subject to judgment. It's not unreasonable for the credit rating agencies to have taken the decision that they did at the time because the government's announcement was a very significant one.

Now, one would hope that for some period of time the credit rating agencies will revisit that decision with respect to business risk in Nova Scotia, but when is that going to be. And the market, on the other hand, you know, makes its decisions in real time and appears to have shifted its view of the business risk in Nova Scotia and hence the decline in spreads over time.

But for something like the short-term paper market where, you know, they depend -- again, it's a bright line. They depend on certain credit ratings in order to afford a simplified administrative status to its participants. They had to make that exception in the hope that that five-year exception would be time enough for the credit ratings to improve so the exception will no longer be required at the end of five years. How that works out remains to be seen.

Q. Okay. I should know this. Who actually issues the exemption order? Is it -- it's not the rating agencies. It's the market or the Securities Commission, or...?

A. That's correct, the Securities Commission.

Q. Okay. Let's go to your conclusions, and we'll go to page 25 at line 7. So you say here:

> The entirety of the proposed rate increase may not be required to support NSPI’s existing credit rating. It may be possible to trim the rate increase requests marginally without placing undue risk on the credit rating. On the other hand, pursuing higher credit ratings for NSPI may not be worth the cost for ratepayers ([for example], in order for NSPI to reach 13% to 15% FFO: Debt, which would be an important element in achieving an improved credit rating, even more revenue and EBITDA is required than is contemplated today, which means even higher rates).

And then on the next page, starting at line 3, you note the current rating of NSPI at BBB minus. This is the lowest rate that is still investment grade.

> Based on certain tests and metrics, it could be argued that NSPI should be downgraded further, except the support of its parent... Emera effectively prevents this outcome. Consistent failure to meet the cash flow metric... of at least 10% would almost certainly result in a downgrade, to junk bond status. Approval of the requested increases would result in Nova Scotia Power comfortably exceeding this metric. [And] [d]enial of the requests would likely lead to failure to meet the metric.

So the first part of that, in line 4,

where you say, "...it could be argued that NSPI should be downgraded further, except for the support of...Emera..." So that is based on other tests and metrics apart from FFO to debt, or you're referring to FFO to debt?

A. The critical issue is the business risk. So, you know, always sticking to Standard and Poor's, S&P's, credit metrics and how they calculate credit metrics for the purposes of credit rating, it's both numerical calculations, like FFO to debt, but also, they're a valuation of the environment in which the utility is operating. And that valuation was reduced one level back in 2022 from the highest level to the second-highest level, which makes it much more difficult for a company, for a utility, to achieve the highest credit ratings. And so as a result of that shift downwards in the business risk evaluation for Nova Scotia Power, it is quite challenging. They have to meet higher financial metrics in order to be considered investment grade because of that evaluation of business risk.

And so as long as Nova Scotia is considered to have that level of business risk, not the highest level, but the second-highest level, you know, in terms of the evaluation of business risks, it does place much more emphasis on the financial results of the utility, and hence, this focus on the 10 percent metric, and the focus on Emera being the parent corporation of Nova Scotia Power and supporting Nova Scotia Power.

On the other hand, if the credit rating agencies were to, at some point, decide that Nova Scotia has re-entered the best class of business risk jurisdictions, then there will be much less challenge in terms of maintaining investment grade status of the utility.

It is not something that can be predicted when the credit rating agencies will come to that conclusion or when the market, you know, will change its mind about business risks in the jurisdiction.

[4:09:55] So, you know, as a result, in sticking to that second level of business risk, the emphasis becomes very much does the utility continue to meet the 10 percent FFO-to-debt metric? And it, as noted in the report, the Nova Scotia Power Application is very clear in saying that if its requests are accepted, they will meet that 10 percent metric.

However, there have been a number of discussions over the last days of testimony of areas nibbling around the edges, where that FFO-to-debt metric would be reduced increment by increment if, you know, the decision was adverse in some way. And that would start to call into question that investment grade credit rating.

Q. Okay. The -- so obviously for a few years, for S&P I think it was two years, in their Application, they had a chart of when they fell below the 10 percent. We don't have to turn it up. It's page 69. But S&P, and I'm sure you're familiar with that, for two years the FFO to debt was below the 10 percent. In '24, it was 10.2; '25 estimated is 10.6. With Dominion Bond

Rating, it was one year below the 10 percent, and it's been increasing; '23 was 10 percent, '24 was 11.3, and '25 was 12.2. So -- but they still haven't come back up, so it's not just the 10 percent. There's something else, and you're saying it's business risk?

A. That's correct.

Q. Okay.

A. Yeah, it's the risk of government intervention in the regulatory system.

Q. Okay.

A. That's what occurred a few years ago. It was a piece of legislation. It was direct government intervention. And that's (inaudible due to audio quality) markets. And I think that was reflected both in credit ratings and it was reflected in trading prices for outstanding bonds.

Q. Okay. So at line 7 there, when you say, "Approval" -- and you talked about nibbling around the edges of the margin, I think was your terminology, where you say:

> Approval of the requested increases would result in NSPI comfortably exceeding this metric.

When you say, "comfortably exceeding this metric," and assuming the metric is the 10 percent, and I realize it's probably not a hard, fast number, but what, in your view, is a threshold or the range that is comfortable versus what's not comfortable?

A. Well, so Nova Scotia Power provided its estimates. I quoted them on -- in the report on an earlier page. I believe it came from an (inaudible due to audio quality) that was asked to Nova Scotia Power. And the calculation was that in 2026, if all of their requests were approved and the ---

Q. Let's bring that up. I think it's page 23 of your report?

A. Yeah.

Q. That was your report; correct? Yeah, that table right there?

A. Yeah, that's right.

Q. Yeah.

A. So, you know, you can see, in that case, the requests granted, it's 12.3 percent in 2026 and 12.8 percent in 2027. And if you're judging it against a range of 10 to 13 percent for the current category of FFO to debt that they're in, they're at the upper end of that 10 to 13 percent range. However, if the requests are denied, you can see it's 11.3 and 9.9.

And this is all using the S&P calculations, not the DVRS calculations. I focused, in my report, on all of the S&P calculations.

But this also assumes that the securitization goes ahead as planned. So it's a combination of the requests granted and securitization going out as planned. And as we've already seen, securitization is not going out as planned. It's -- at a minimum, it's delayed for some period of time. And so these issues start to become a little bit more complicated to calculate going forward when delays are taken in concert with potential partial approvals of what they've requested.

Q. So before we move on, on securitization, I understand securitization is a lot more prevalent in the United States than it is in Canada.

A. Correct.

Q. Is that a fair comment, from your experience?

A. Yes.

Q. And I know there was one in Ontario for Hydro One, I believe; that was a Crown corporation. Can you think of other examples in Canada?

A. None come to mind, to be honest. It's not a tool ---

Q. It is a new brand.

A. --- that's been extensively used.

Q. Yeah, okay. So my question was, when -- just generally, when you go to market for something like a securitization, would it be looked at by the markets differently than when you, for instance, the Federal Loan Guarantee that just went out, the $500 million? In that case, still on the balance sheet, essentially, for securitization, it would be off the balance sheet. Is there -- how does the market -- would the markets -- do you anticipate the markets would look at those two differently?

A. The reality is they're both government-backed securities, right? They might be slightly different mechanisms, but effectively government-backed securities. In the case of the securitization, the government is effectively saying, you know, "Yes, we're approving this coming out of rate base. And it will be paid. It will be imposed on the rate base by regulation." And so the full force and effect of the government's ability to make laws and regulations is what's supporting that security.

In the case of the $500 million loan

guarantee, it’s a contingent liability of the federal government. They are both reliant on the credit of the government, in a sense. In the loan guarantee, it’s an actual financial credit. In the case of securitization, it's a legal ability to enforce a charge on the rate base. But, you know, from the market’s perspective, these are governments.

Q. But in terms of the securitization, wouldn’t it be more beneficial to the credit metrics of a company?

A. Well, you’re actually removing the assets from the company’s balance sheet in that case. So it simplifies things for the utility. The -- you know, you’re literally just taking them off of the balance sheet and replacing them with cash.

Q. Okay. Okay. There were questions about your report to the Nova Scotia Power panel.

MEMBER DEVEAU: And Jeff, could you

pull up the transcript from Friday? And we'll start at PDF page 39. It would be page 675 of the transcript.

BY MEMBER DEVEAU:

Q. So these were questions from Board counsel, Mr. Mahody, to the Nova Scotia Power panel.

PDF page 39 to start.

Okay. So starting at line 3, Mr. Mahody referred the panel to your evidence, the one at page 25 that we've reviewed here just a few minutes ago. And he asked:

> ...with those two conclusions, that there may be some room [-- whether there was room --] to trim and that increasing rates in order to improve the credit rating may not be worth it for ratepayers...what is the company's view of those opinions...

[4:19:55] And at line 21, Mr. Flemming answered that he understood your viewpoint. We think -- he said:

> ...the first point that I would like to make is that this General Rate Application is not -- the request for increased by Nova Scotia Power [-- the request for increased revenue --] is not directly tied to improving the company's credit metrics, and therefore

> credit rating. It [is] really...about having enough revenue in order to cover the company's cost of service.
>
> I do think that improving the company's credit metrics...

He goes and says it would be a good -- at line 9, "...it would be a good byproduct of [the] General Rate Application..." That's at line 9. And then down at line 16 he said:

> ...but the rate ask really is around covering the company's cost of service in order to provide the service to customers that we believe they expect.

And then the next page, similar comments, but line 11:

> If Morrison Park believes that Nova Scotia Power would not be on track to increase credit ratings and doesn't believe that the company should be looking to get back to the credit rating, or closer to the credit ratings than it previously had in order to continue to access the commercial paper market, potentially, from a credit metrics standpoint, [yes], there's a range. There's certainly a range that the company can be within. But again, lowering that range would not allow the company to recover its cost of service.

And then Mr. Williams added, starting at line 2, going -- he was going to add something to the discussion:

> And I think we're having the wrong discussion because the wrong question is being asked by Morrison Park.
>
> As Mr. Flemming had indicated this is not about revenue requirements not developed to meet the credit metrics. The credit -- an appropriate credit metric is a function of a fully funded utility. And so that's what this Application is about, is about...what the revenue require is and then determining what amount of that revenue requirement is appropriate to be included in electricity rates....[S]o it's a bit of a cart or horse discussion, perhaps, but in our view, Morrison Park is asking the wrong question.

So my question to you, are you asking the right question or the wrong question?

A. So I think in its Application, Nova Scotia Power presented a chart about credit ratings of utilities across North America. And the point that they made was that Nova Scotia Power's current credit rating, triple B minus from S&P, is in the bottom 10 percent in North American utilities. The implication of presenting that chart is that it’s somehow problematic to be in the bottom 10 percent. It’s somehow problematic to have a triple B minus credit rating, rather than the more typical triple B plus, or A minus, or what have you. And I think my comments are really in response to that.

There is certainly a very, very strong case to be made that the credit rating should not be allowed to fall below triple B minus. And I think I’ve been very clear in my report, and in saying so, and agreeing with Nova Scotia Power that it’s critically important that the credit rating not fall to junk bond status.

However, the opposite, in saying, well, it would be better for Nova Scotia Power to move its way up in that chart of North American utilities and American distribution of credit ratings, it’s questionable whether that’s an important thing to do or not. What matters is the soundness of Nova Scotia Power’s finances and what matters is the market's reaction to what's been going in Nova Scotia. And it's clear that the market has reacted positively to the last few years in advance. You know, the spreads on Nova Scotia's bonds have been coming down, compared to benchmarks. That is all positive.

And, you know, when Nova Scotia Power says, "We have to be properly compensated," absolutely true. They should be properly compensated.

How the triple BBB minus and its comparison to other utilities enters into that is not clear. So I would fully agree with no risk to Nova Scotia Power, and it should be properly compensated for the work that it does.

And I believe the Board needs to be mindful of the risk of dropping to junk bond status, hence the focus on the 10 percent FFO-to-debt ratio, according to S&P's calculations. I think anything beyond that is much, much less important, including the chart about the relative distribution of utilities and their credit ratings.

So yeah, I think that's the response that I would have to that. It was Nova Scotia Power that brought up the issue of its relative positioning in relation to other utilities.

Q. And if it does recover its cost of service, including its appropriate rate of return, wouldn't that really address the issue of metrics as well in most cases?

A. Yes. And the important thing is that over time, consistently getting a reasonable return on its investment will eventually lead to business risk being upgraded once again to the top tier. And that will help to improve the analysis of the credit ratings. So, you know, if Nova Scotia Power's credit rating is going to go back to being triple BBB plus, as it was a few years ago, an important part of that is going to be consistent regulatory treatment over time without government intervention, and that is going to take time.

Q. And in terms of exceeding the metric, does it have to show that it's exceeding the metric, or that it's improving? Like, if it was 11.5 across the board, versus, you know, 10.5 11, 11.5, 12, I suppose if it's going up is better, but is it absolutely necessary that it go up in steps to satisfy the credit rating agencies if it's consistently above?

A. I think the critical issue is the consistency and the reasonability of the treatment. Where these numbers fall out in any given year is a lot less important than that they're always reasonable and fair with the exception, as I -- you know, sort of just to reiterate, of the lower round.

And you know, S&P makes it very clear that if it looks like the results are going to be lower than 10 percent on any consistent basis, that will be problematic and will lead to a downgrade.

So as long as that test is met, that they're above the 10 percent on a consistent basis -- and consistency and reasonableness is the most important aspect of it, not whether it's 10.8 versus 11.5 versus 12.2, but that it's a consistent set of reasonable rules that are being applied so that a reasonable return on investment can be achieved.

Q. Okay. Thank you very much for your answers.

QUESTIONS FROM THE CHAIR

Q. Mr. Colaiacovo, I really only have one question, and it sort of picks up where the Vice-Chair kind of left off in that discussion. And it relates to the recommendation that's before the Board in this proceeding about changing the depreciation methodology in this particular case from Equal Life Group method to the Average Life Group method, which doesn't change the sort of effect that under either method Nova Scotia Power would recover its cost of service. So it's not about recovering costs or cost of service, but there would be a cash flow impact in the test years as a result of the reduction.

So I'm just wondering if you can sort of harkening back to that opportunity to trim line that you were talking about where a change like that may come into play in terms of that concern about not wanting to go below that line where we drop below the credit metrics we don't want to have.

A. Yeah, and I have taken note of

this whole issue. It’s clearly been a preoccupation for the Board ever since Mr. Madsen’s report was filed.

[4:30:04] Looking at it very narrowly, the $23 million change in 2026 and the $24 million change in 2027, that would be the net cash flow impacts less the offsets that would come from earning lack on the higher rate base. It does not appear that those changes jeopardize the 10 percent FFO to debt calculation.

I know that Nova Scotia Power was given a specific undertaking to calculate the results. I looked at those results out of curiosity myself, not with the benefit of Nova Scotia Power’s detailed models, but it did not appear that, in isolation, that those changes are sufficient to cross the line.

When those changes are in addition to other changes and in addition to, you know, other amendments, I think it becomes much more difficult to predict. And you know, hence, I’m saying this with a fair degree of caution and caveats.

Q. And my understanding, I guess, is that the way the numbers were presented, the delta between the two methods might actually be more in the range of 40 million to 45 million dollars in revenue requirement impact in both years, not the 23 and 24 million. Does that change the answer that you just gave?

A. Yes, it would. If it were actually 40 million in 2026, I think it would be problematic. In 2027, perhaps not. But again, you have to do these calculations in detail and, as I understand it, NSPI has an undertaking to do that. But I was just looking at it very narrowly from the headline numbers of 23 and 24 million.

Q. Okay. Did you say you could take an undertaking to do that for a 40 or 45 million dollar impact?

A. Well, I am not in the same position as NSPI to do these calculations. It, frankly, would be best for them to do that.

Q. And I think I may have misheard you. You were referring to the undertaking that they already gave?

A. That's right.

Q. Okay. Fair enough.

A. That's right.

THE CHAIR: Okay. Those are my questions. Thank you very much, Mr. Colaiacovo.

I'm just going to go around to see if there's anything arising from Board questions just to check in with folks. Any questions arising from anybody?

Mr. Mahody, any questions arising or re-direct?

MR. MAHODY: No, Mr. Chair.

THE CHAIR: So I think we're good with that, Mr. Colaiacovo. Thank you very much for your participation throughout this proceeding and your testimony today. It's much appreciated.

MR. COLAIACOVO: Thank you. Pleasure

appearing before the Board.

THE CHAIR: Have a good day.

Okay. Mr. Mahody?

MR. MAHODY: Well, Mr. Chair, your manager has the correct batting lineup, so thank you very much. And Dr. Cleary would be next.

We have both Dr. Cleary and then we have Caroline Palmer from Synapse. I think there's some interest in Ms. Palmer's cross-examination from the room. I only say that because there'll be some time to get through both witnesses, and if the Board's considering about whether we're coming back tomorrow or not, Dr. Cleary, I think is available, and I don't think there are many questions for him, but I appreciate the hour of the day and leave it in your hands.

THE CHAIR: So some of the Intervenors do have questions for the Synapse witness?

MR. CLARKE: That's correct.

THE CHAIR: And did you have an

estimate of how much time you might require for that?

MR. CLARKE: For Nova Scotia Power, 20 minutes.

THE CHAIR: And Ms. Rubin, did I see you have questions?

Sorry.

MS. MacADAM: I have some questions for Ms. Palmer.

THE CHAIR: You do?

MS. MacADAM: Yeah, I would estimate 20, 25 minutes.

THE CHAIR: All right.

MS. RUBIN: Sorry. We're along the same lines, but going third we may not.

THE CHAIR: Fair. And there may be others. So it sounds like we'll probably be back with them at least for tomorrow. We could press on and perhaps get Mr. Cleary done if that's of any benefit, but I think we're likely coming back tomorrow in any event so it may be a good place to stop at this point in time and pick up with both witnesses in the morning.

All right. So we’ll adjourn and resume again at 9 o’clock tomorrow.

--- Upon adjourning at 4:34 p.m.

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