Request IR-1:

Please provide a revised Figure 1 (and all related supporting information, including excel spreadsheets) under the assumption that DSM cost allocation remains as currently approved by the Board (i.e., 75 percent to the cost of programs undertaken for the rate class, with the remaining 25 percent allocated to the system benefit of the programs).

Response IR-1:

The revised Figure 1 is provided below. The only DCRR component affected by this change is PCR. The BA component is not affected. Please refer to Confidential Attachment 1 for the calculation of the PCR component.

Applicable Tariff	cents per kWh		
	PCR	BA	DCRR
Domestic Service, Domestic Service Time-of-Day, Domestic Service Time of Use, Domestic Service Critical Peak Pricing	0.658	0.006	0.664
Small General, Small General Time of Use, Small General Critical Peak Pricing	0.759	(0.080)	0.679
General, General Time of Use, General Critical Peak Pricing, Multi-Unit Residential Unit (MURB) Time of Use	0.695	0.015	0.710
Large General	0.446	0.029	0.475
Small Industrial	0.536	0.020	0.556
Medium Industrial	0.489	(0.004)	0.485
Large Industrial, including Interruptible Rider	0.580	0.051	0.631
Municipal	0.366	(0.015)	0.352
Unmetered Services	0.163	0.003	0.167
Generation Replacement & Load Following	0.093	(0.027)	0.066
One-Part Real Time Pricing	0.079	0.010	0.089
Shore Power	0.081	0.102	0.184

2026 DCRR NSEB IR-1 Confidential Attachment 1 has been removed due to confidentiality.

Request IR-2:

Please confirm, or explain otherwise, that the revised allocation of DSM costs does not affect the BA component of the DCRR because it simply tracks variances between what has been collected compared to amounts previously allocated to each rate class in the past (i.e., the new allocation does not impact costs allocated to rate classes up to January 1, 2026).

Response IR-2:

Confirmed; the BA for this Application is not impacted by the revised allocation of DSM costs (i.e. from 25/75 percent to 100 percent).

Request IR-3:

On page 3 of the application, NS Power proposes that if the 2026 DCRR is not approved by January 1, 2026, the 2025 DCRR continues to apply until the 2026 DCRR is approved. On page 9, NS Power requests that the 2026 DCRR be approved on an interim basis if it is not approved by January 1, 2026. Please clarify whether NS Power is proposing that the 2025 DCRR or the 2026 DCRR be used in the interim if formal approval is not provided by January 1, 2026.

Response IR-3:

If the Board does not approve the 2026 DCRR effective January 1, 2026, the Company requests that the 2026 DCRR be approved on an interim basis, as described in the Relief Sought section of the Application (at page 9).

Request IR-4:

Appendix A-1, tab Data Inputs-Alloc & Amount, please identify the source of the values for 2026.

(a) Did NS Power estimate the spending by rate class for 2026 using the past estimated PCR values or the actuals? Please provide supporting information.

Response IR-4:

(a) The Company sourced the values for the 2026 DSM Cost Recovery Rider (DCRR) from E1's 2026 DSM Extension Application (M12249).[1] NS Power also received the detailed breakdown of E1's planned expenditures for the Municipal class, by customer, from E1.

[1] M12249 – E1 2026 DSM Extension, Appendix A, Table 8, page 27. April 30, 2025.

Request IR-5:

Please explain why the Board approved values for the weighted average cost of capital (WACC) are not applied in Appendix A-2 in keeping with the associated effective dates from M10431, M11563 and M11990.

Response IR-5:

The Board-approved WACC values are not applied in tabs **"Table 1 (BA)(2026)"** and **"Table 2 (BA)(2026)"** of Appendix A-2 in accordance with the Board's direction in its Decision on the 2025 DSM Cost Recovery Rider (M11912) which provided:

> The Board approves the resetting of the DSM Rider, but the proposed BA charge must be adjusted to exclude all interest. NS Power is directed to update the DCRR charges in a compliance filing.[1]

In its M11912 Decision, the Board also indicated that it would initiate a generic proceeding to more thoroughly address issues arising from the application of s.64AB of the *Public Utilities Act* (PUA) to deferral and variance accounts, including the assessment of interest, and noted that further guidance may include the establishment of a formal rule for interest calculations. To date, this generic proceeding has not been initiated and the determination of any entitlement to interest on BA balances remains in abeyance.

In recognition of this, NS Power has excluded financing costs from the proposed 2026 BA. However, financing costs represent real costs incurred by the Company in the administration of the DCRR to fund E1's DSM activities. As noted in Section 4.1 of the Application, NS Power has provided interest calculations in tabs **"Table 1 (BA with Int)(2026)"** and **"Table 2 (BA with Int)(2026)"** of Appendix A-2 to demonstrate the impact of these financing costs, for the Board's

[1] M11912 – Board Decision, 317746, pages 26-27, para 45. December 23, 2024.

information if interest is determined to be payable or refundable in a future proceeding. Please also refer to CA IR-2, IG IR-4, IG IR-9, and IG IR-10.

Request IR-6:

Appendix A-2, tab Table 2 (BA with Int)(2026), why is WACC applied monthly rather than annually?

(a) Does NS Power remit the collection of costs associated with DSM programs to EfficiencyOne monthly? If not, please provide the frequency of payments to EOne.

Response IR-6:

(a) The WACC is applied monthly as required in order to properly record financing costs for accounting purposes. NS Power remits the collection of DSM costs to E1 on a monthly basis, as outlined in Schedule B of the DSM Supply Agreement.[1] Applying WACC monthly ensures that interest accrual reflects these periodic transactions rather than assuming a single annual transaction. The annual WACC is converted to a monthly rate to match the monthly collection and remittance schedule, so as to provide a more accurate representation of financing costs over time. This is consistent with NS Power's established methodology for interest calculations. Please also refer to CA IR-2 and IG IR-9.

[1] M10473 – Exhibit E-31, 2023-2025 E1/NSPI Supply Agreement (Fully Executed). October 4, 2022. For the proposed 2026 DSM Supply Agreement, please refer to Exhibit E-1, Appendices C and D, Schedule B. The proposed 2026 Supply Agreement remains an open Matter before the Board.