Request IR-1:

Refer to M12521, Exhibit N-1, the Application for the 2026 DSM Cost Recovery Rider (DCRR) submitted by NS Power (the "Application") and specifically to Appendix B-2, pages 1-4 of 4, and to NS Power's 2026-2027 General Rate Application (the "GRA") PR-01 – Proposed Rates (Tariffs), (M12451, the GRA, Exhibit N-4) Attachment 02W, pages 1-5 of 5.

(a) Please explain why the Balancing Adjustment in the Application does not match what was filed in the GRA. For example, the Balance Adjustment on Page 2 of 4 of Appendix B-2 does not reflect the changes to the Balancing Adjustment as proposed in the GRA on Page 2 of 5 of GRA PR-01 Attachment 02W.

Please explain if the lack of inclusion is due to the timing of the GRA filing or for another reason.

(b) In relation to the Balancing Adjustment in the Application not matching with the GRA, the methodological steps on Page 4 of 4 of Appendix B-2 does not include step 5, as proposed in the GRA on Page 4 of 5 of GRA PR-01 Attachment 02W.

Please confirm if the rationale for the exclusion is the same reason as given in part (a) above. If not, please explain.

Response IR-1:

(a-b) This Application seeks Board approval of the DCRR amounts for the 2026 calendar year and the revised DSM cost allocation methodology to 100 percent in accordance with E1's program spending. The revised BA framework proposed in the 2026-2027 GRA (M12451) relates specifically to the treatment of End of Term balances (via the proposed BA_2). Those BA revisions are intentionally excluded from this Application as they are being considered in the GRA proceeding, which remains an open Matter before the Board. Further, the BA revisions in M12451 do not affect the 2026 DCRR amounts proposed in this Application, which pertain to Intra-Term[1] variances.

If approved, the revised framework would apply to the treatment of End of Term balances and would not take effect until after completion of the 2023-2026 DSM Supply Agreement, through the 2028 DCRR Application.

Please refer to SBA IR-3 for discussion of the treatment of End of Term balances.

[1] "Intra-Term" refers to volume variances within an Approved DSM Term, rather than End of Term imbalances.

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Request IR-2:

Refer to M12521, Exhibit N-1, Figure 1, *2026 PCR and BA*, on page 4 of 10, which shows the Cents per kWh impact for customer classes offering critical peak pricing tariffs, and please explain whether and how the impacts shown would change based on NS Power's options for continuing the Time of Use and Critical Peak Pricing programs presented in M12499, (Application for approval of 2025/2026 Time Varying Pricing (TVP) Tariffs) as recently approved by the NSEB.

Response IR-2:

NS Power does not expect any changes to the impacts included in its 2026 DCRR Application as a result of the Board's Decision in M12499. The proposed DCRR (cents per kWh) is calculated as a ratio of budgeted costs to forecast kWh sales for each customer class. TVP Tariff customers are included within their respective 'standard offer rate' customer class and share the same cost-to-sales ratio – e.g. the proposed 2026 DCRR for Small General Service, Small General Time of Use, and Small General Critical Peak Pricing is 0.729 cents per kWh.

Request IR-3:

Refer to M12521, Exhibit N-1, page 4 of 10, lines 9 - 12, which states:

> **"Variances in contract spending by E1 over the four-year (2023-2026) period are expected to be adjusted, on a per rate class basis, as part of future DCRR Applications. The net imbalance associated with the 2023-2026 Contract will not be known until 2027 once actual 2026 DSM Plan expenditures are reported by E1."**

(a) Please explain whether this statement means NS Power will file a DCRR application for approval of the cost recovery over the four-year period 2023-2026 that will show whether there was any further under-recovery of the BA amounts provided for each rate class in each of these years including the 2024 BA amounts covered in this filing?

Response IR-3:

(a) Intra-Term[1] BA balances are finalized annually and not re-calculated or further trued up. Under the current framework, once actual DSM costs and class usage data for the 2023-2026 DSM Term are available (in 2027), NS Power calculates the net imbalance for the Term and includes the full amount in the BA component of the 2028 DCRR. Alternatively, and subject to the Board's determination on the DCRR framework proposed in the 2026-2027 GRA,[2] NS Power would still calculate the net imbalance for the 2023-2026 DSM Term in 2027 but would include ¼ of the imbalance in the BA component of the 2028 DCRR (and ¼ in each of the three remaining years of the 2027-2031 DSM Term).[3] If the BA framework proposed in M12451 is approved, the Company's future DCRR Applications would include the recovery of End of Term Approved DSM amounts over the remaining four-year period of the next five-year DSM Plan. In both instances (the current

[1] "Intra-Term" refers to volume variances within an Approved DSM Term, rather than End of Term imbalances.
[2] M12451, Section 13.5 DSM Rider, page 83, lines 2-7
[3] For instance, ¼ in each of 2028, 2029, 2030, and 2031.

and the proposed framework), future adjustment relates to End of Term spending variances by class, not to the BA amounts already trued up for volume variances in prior years.

Request IR-4:

Refer to M12521, Exhibit N-1, page 7 of 10, lines 7 - 8, which states: "The Company used the following process for allocation of 2026 PCR cost responsibilities to OATT MEUs:" but there is no process set out. Please confirm where the process is detailed in the Application.

Response IR-4:

The text on page 7, lines 7-8, was legacy language used in prior DCRR Applications and was intended to be removed. The rationale for removing this allocation process is explained in footnote 8 on page 6 of the 2026 DCRR Application, which provides as follows.

> Please note that in contrast to the previous DCRR submissions, NS Power does not break out these amounts by the Municipal and BUTU Tariffs any longer. Due to the proposed removal of the system benefits from the DSM cost allocation process, which was the only source of variation between the DSM costs apportioned to the BUTU class and the costs originally budged to the MEUs by E1, such a computation step becomes redundant.